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Investment Banking | Healthcare Finance | Consulting

Healthcare Weekly News and Deals – August 16th, 2024

- 1. MedSpeed Partners with Water Street Healthcare Partners to Expand Logistics Services in Healthcare**
MedSpeed, a leader in same-day logistics for the healthcare industry, has partnered with Water Street Healthcare Partners, a strategic healthcare investor. Water Street has committed significant capital and resources to enhance MedSpeed's logistics services, which are vital for transporting medical specimens, supplies, and pharmaceuticals. This partnership aims to expand MedSpeed's offerings and capabilities, helping healthcare organizations increase efficiency and reduce costs. MedSpeed, founded in 1999, operates over 100 hubs across 30 states, serving major health systems, laboratories, and providers nationwide. ([Link](#))
- 2. Mosaic Health Launched by CD&R and Elevance Health, Merging apree health and Millennium Physician Group to Revolutionize Care Delivery**
Clayton, Dubilier & Rice (CD&R) and Elevance Health have introduced Mosaic Health, a national care delivery platform that combines apree health and Millennium Physician Group. Mosaic Health aims to innovate risk-based care models, providing comprehensive primary care through a community-based approach enhanced by digital patient engagement. The platform will support nearly one million consumers across 19 states, offering integrated care and navigation services. Mosaic Health marks a significant step in advancing primary care, with plans to incorporate Elevance Health's Advanced Primary Care solution pending regulatory approval. ([Link](#))
- 3. Carlyle (NASDAQ:CG) Acquires Baxter's (NYSE:BAX) Kidney Care Segment for \$3.8 Billion, Renames it Vantive**
Baxter International has agreed to sell its Kidney Care segment to Carlyle for \$3.8 billion. The segment, which will be renamed Vantive, generated \$4.5 billion in revenue in 2023. Baxter will receive approximately \$3.5 billion in cash, with after-tax proceeds estimated at \$3 billion. The sale aligns with Baxter's strategic realignment to enhance performance and reduce debt. Carlyle, partnering with Atmas Health, aims to drive Vantive's growth in kidney care and vital organ therapies. The transaction is expected to close by early 2025, pending regulatory approvals. ([Link](#))
- 4. Monroe Capital Supports Medusind Solutions' Expansion with Senior Credit Facility for Strategic Acquisitions of Billing Solutions, LLC and edgeMED Healthcare backed by Alpine Investors**
Monroe Capital LLC acted as administrative agent and joint lead arranger on a senior credit facility to support Medusind Solutions Inc.'s acquisition of Billing Solutions, LLC and edgeMED Healthcare. These acquisitions, backed by Alpine Investors, aim to enhance Medusind's capabilities in healthcare technology and revenue cycle management. Billing Solutions, based in Prescott, Arizona, specializes in behavioral healthcare billing, while edgeMED focuses on revenue cycle management for medical organizations. Monroe Capital, a leading asset management firm, continues its strategic role in private credit markets, further expanding its influence in healthcare finance. ([Link](#))
- 5. Pace® Analytical Services Expands Building Sciences Capabilities with Acquisition of Prestige EnviroMicrobiology via its financial sponsors Leonard Green & Partners, AustralianSuper and Aurora Capital Partners**
Pace® Analytical Services, a division of Pace®, has acquired New Jersey-based Prestige EnviroMicrobiology, Inc., enhancing its Building Sciences service portfolio. The acquisition brings renowned expertise in mold, fungi, and Indoor Air Quality (IAQ) testing, led by distinguished scientists including Dr. Chin Yang, a pioneer in environmental microbiology. The integration of Prestige's advanced analytical capabilities and experienced

team will broaden Pace®'s testing services, offering expanded species-level identification and improved analysis for environmental contaminants, benefiting clients concerned with indoor environmental health. ([Link](#))

6. Blackstone (NYSE: BX) Acquires Majority Stake in Chartis to Drive Healthcare Transformation and Growth with continued equity participation from Audax Private Equity

Blackstone has agreed to acquire a majority stake in Chartis, a leading healthcare advisory firm, with continued equity participation from Audax Private Equity. This strategic investment aims to enhance Chartis' offerings across strategic, digital, clinical, and financial transformation services. Since Audax's 2019 investment, Chartis has expanded through seven acquisitions and established new research centers. The deal, expected to close by year-end, will support Chartis' mission to improve US healthcare delivery and further extend its capabilities, backed by Blackstone's resources and expertise. ([Link](#))

7. Petauri Expands Pharmaceutical Services Platform with Acquisition of Blueprint Oncology, Cogency, Verascity, and Blendworks from the Brightly Network via its financial sponsor Oak Hill Capital

Petauri, a leading pharmaceutical services platform, has acquired four US-based firms—Blueprint Oncology, Cogency, Verascity, and Blendworks—from the Brightly Network. These firms, specializing in oncology, hematology, and rare diseases, were founded in 2016 and will enhance Petauri's global reach in medical communications. This acquisition strengthens Petauri's capabilities across key therapeutic areas, aligning with their mission to improve patient outcomes through faster access to medical advancements. Petauri now employs over 360 professionals globally, continuing its rapid growth and expanding its influence in the pharmaceutical industry. ([Link](#))

8. Navient (Nasdaq: NAVI) Sells Xtend Healthcare Business to CorroHealth for \$365 Million via its financial sponsor TT Capital Partners

Navient (Nasdaq: NAVI) announced the sale of its Healthcare Services division, operating as Xtend Healthcare, to CorroHealth for \$365 million. The transaction, expected to close by September's end, will see approximately 950 employees transition to CorroHealth. This move aligns with Navient's strategy to simplify operations and reduce expenses. CorroHealth plans to maintain Xtend's Hendersonville, Tennessee headquarters. The book value of the business as of June 30, 2024, was approximately \$136 million. Navient continues exploring the sale of its Government Services business. ([Link](#))

9. Rural Healthcare Group, via its financial sponsor Kinderhook Industries, to Acquire Steward Medical Group and Steward Health Care Network, Expanding Primary Care Services Across 11 States

Rural Healthcare Group (RHG) announced its plan to acquire Steward Medical Group and Steward Health Care Network, one of the largest primary care organizations in the U.S. This acquisition, subject to regulatory approval, will expand RHG's mission of delivering high-quality primary care to underserved communities, particularly in Massachusetts and 10 other states. RHG, backed by Kinderhook Industries, will invest in Stewardship's infrastructure, ensuring continuity of care in existing clinics while separating them from Steward's hospital system to operate independently. ([Link](#))

Venture and Other News

1. Honor Health Care Network Acquires First Horizon Management, Expanding Home Health Care Services in Indiana

Honor Health Care Network has acquired First Horizon Management, LLC, a leading provider of skilled and unskilled home health care services based in Indianapolis, Indiana. First Horizon, established in 2017, also operates a Certified Nursing Assistant School and serves over 200 clients. This acquisition, finalized on June 28, 2024, aligns with Honor Health Care Network's strategy to expand its footprint across the United States, with Indiana identified as a key growth area. The partnership is expected to maintain the high standards of care that have been the foundation of First Horizon's success. ([Link](#))

2. Photon Health Secures \$9M in Series A Funding from Notation Capital and Flare Capital to Enhance Text-Based Prescription Services

Photon Health, a digital health startup, has raised \$9 million in a Series A funding round led by Notation and Flare Capital, with contributions from existing and angel investors. The company aims to revolutionize the prescription process by offering a platform that digitizes prescriptions, empowering patients with greater control and transparency. Photon's network of prescribers sends over 70,000 prescriptions monthly. Key features include text-based prescription delivery, a patient-friendly portal, real-time medication tracking, and seamless pharmacy transfers, all designed to improve patient experience and reduce costs. ([Link](#))

3. Stryker Acquires AI Healthcare Startup Care.ai to Boost Health IT and Address Hospital Workforce Challenges

Stryker has agreed to acquire Care.ai, an Orlando-based startup specializing in AI-driven tools for hospitals, including patient monitoring and virtual rounding. This acquisition is part of Stryker's strategy to expand its health IT portfolio and address challenges such as nursing shortages and employee retention. Care.ai's technology is expected to integrate with Stryker's Vocera platform, enhancing communication and workflow in hospitals. The deal follows Stryker's recent acquisitions, continuing its trend of strategic M&A in the healthcare sector. Financial terms were not disclosed. ([Link](#))