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Investment Banking | Healthcare Finance | Consulting

Healthcare Weekly News and Deals – August 23, 2024

1. OneOncology, via its financial sponsor TPG, to Acquire United Urology Group Expanding Urology Care Network

OneOncology, a leading platform for independent oncology practices, has announced its acquisition of United Urology Group (UUG). Supported by investors TPG and Cencora, this acquisition aims to enhance comprehensive urology care across physician-owned practices and ambulatory surgery centers. UUG, with approximately 250 physicians and over 1,300 employees, will join OneOncology to address the growing complexity of genitourinary cancers. Partnership provides additional growth capital, supported by OneOncology's investors, TPG and Cencora. ([Link](#))

2. Arsenal Capital Partners to Acquire Knowtion Health, a Leading Revenue Cycle Management Firm; Sunstone Partners to Continue Strategic Involvement

Arsenal Capital Partners has signed a definitive agreement to acquire Knowtion Health, a leader in revenue cycle insurance claim resolution services. Supported by AI-enabled technologies, Knowtion Health specializes in resolving complex insurance claims for hospitals and health systems. This acquisition, in partnership with existing investor Sunstone Partners, aims to optimize healthcare efficiency and improve patient outcomes. Knowtion leverages its innovative ClaimBRAIN AI-enabled platform to transform data into actionable insights and address denials at scale. ([Link](#))

3. Cloudbreak Health, via its Financial Sponsor GTCR, Acquires Voyce, Provides Tech-Enabled Language Services, Rebrands as Equiti to Enhance Language Services

Cloudbreak Health has acquired Voyce, a tech-enabled language services provider, and rebranded as Equiti. This strategic move combines two of the largest language access companies in healthcare, enhancing interpreter resources and expanding language coverage. The rebranding to Equiti reflects the company's commitment to improving equitable care and patient outcomes through advanced language services. Both Martti and Voyce will operate and innovate under the Equiti umbrella, further enhancing service offerings. ([Link](#))

4. Evolent Health (NYSE:EVH) in Sale Talks with TPG, CD&R, KKR, and Elevance Health Amid Takeover Interest

Evolent Health is in discussions with private equity firms TPG, CD&R, KKR, and health insurer Elevance Health for a potential sale, following takeover interest. TPG, an early investor in Evolent, is among the interested parties. Evolent's shares surged over 18% on the news, despite a 14% decline earlier this year. The company, founded by UPMC Health Plan and The Advisory Board Company, specializes in software for value-based care models. Evolent is working with a financial

adviser and has received initial bids, though a deal is not guaranteed. Engaged Capital, an activist investor, previously pushed for value-boosting options. ([Link](#))

5. Versant Diagnostics, via its Financial Sponsors Iron Path Capital and BPEA Private Equity, Acquires Cutaneous Pathology P.A. Expanding Dermatopathology Services

Versant Diagnostics, an independent physician services company, has acquired Cutaneous Pathology, P.A., a dermatopathology practice based in Winston-Salem, N.C. This acquisition includes the addition of renowned pathologist Dr. Omar P. Sanguenza to Versant's team. The move aims to enhance Versant's network of dermatopathologists and improve patient care through expanded expertise and resources. Versant Diagnostics is focused on advancing digital pathology and expanding its market reach. ([Link](#))

6. Avantor (NYSE: AVTR) provider of life sciences products, to Sell Clinical Services Unit to Audax Private Equity for \$650 Million

Avantor, provider of life sciences products and services, has entered into a definitive agreement to sell its clinical services business to Audax Private Equity for approximately \$650 million. The divestiture includes kitting, biorepository, and related equipment services. This transaction is part of Avantor's strategy to optimize its portfolio and strengthen its balance sheet, with proceeds intended for debt reduction. The clinical services business is expected to generate approximately \$200 million of annual revenue in 2024. ([Link](#))

7. Johnson & Johnson (NYSE:JNJ) to Acquire V-Wave for \$1.7 Billion, V-Wave develops heart failure treatments

Johnson & Johnson has announced a definitive agreement to acquire V-Wave Ltd., a company specializing in heart failure treatment technologies. The acquisition, valued at up to \$1.7 billion, will integrate V-Wave's innovative interatrial shunt device into Johnson & Johnson MedTech's cardiovascular portfolio. This move aims to address significant treatment gaps in heart failure management and improve patient outcomes. The acquisition is expected to close by the end of the year. ([Link](#))

8. Quest Diagnostics (NYSE: DGX) to Acquire University Hospitals Outreach Laboratory Services

Quest Diagnostics, a provider of diagnostic information services, has entered into a definitive agreement to acquire select assets of University Hospitals' outreach laboratory services business. This acquisition will broaden access to Quest's diagnostic services in Ohio, enhancing operational efficiency and expanding patient access to innovative testing solutions. The transaction is expected to close in the fourth quarter of 2024, subject to regulatory approvals. The transaction will broaden access in Ohio to Quest's network of convenient patient access sites. ([Link](#))

9. Stryker (NYSE: SYK) to Acquire Vertos Medical Expanding Pain Management Solutions

Stryker has announced a definitive agreement to acquire Vertos Medical Inc., a company specializing in minimally invasive treatments for chronic lower back pain. This acquisition will strengthen Stryker's pain management portfolio and expand its reach in ambulatory surgery centers. Vertos Medical's mild® procedure offers a solution for lumbar spinal stenosis, improving

patient outcomes with reduced recovery times. Lumbar spinal stenosis affects millions of people globally and is a leading cause of pain and disability. ([Link](#))

10. Getinge (STO: GETI B), a subsidiary of Carl Benne, to Acquire Paragonix Technologies Enhancing Organ Transplant Solutions

Getinge has signed a definitive agreement to acquire Paragonix Technologies, a leader in organ transplant products and services. This acquisition, valued at approximately \$477 million, will expand Getinge's portfolio into the organ preservation and transportation market. Paragonix's innovative technologies aim to improve transplant outcomes and address the global shortage of organs. Paragonix and Getinge share a vision to deliver market-leading solutions across the entire spectrum of transplant care. ([Link](#))

11. LetsGetChecked, a Subsidiary of Paulus Holdings, Acquires US Online Pharmacy Truepill for \$525 Million

LetsGetChecked, an Irish health diagnostics company, has acquired Truepill, a U.S.-based online pharmacy, for \$525 million. This acquisition aims to integrate Truepill's pharmacy services with LetsGetChecked's diagnostic capabilities, enhancing its direct-to-consumer healthcare offerings. The combined entity will provide comprehensive health solutions, including diagnostics, telehealth, and pharmacy services. The acquisition of Truepill was reportedly engineered by the Boston-based Optum Ventures, which is a significant investor in both companies. ([Link](#))

12. Iredell Health System is set to acquire Davis Regional Medical Center from Community Health Systems (NYSE: CYH) following the collapse of a \$320 million deal with Novant Health

A North Carolina health system, Iredell Health System has announced plans to acquire a financially struggling hospital, Davis Regional Medical, to ensure continued access to healthcare services in the region. The acquisition aims to stabilize the hospital's operations and integrate it into the larger health system, improving patient care and operational efficiency. This move is expected to enhance healthcare services for the local community. Iredell hopes to complete the deal this fall, but regulators must sign off on the transaction. ([Link](#))

Venture and Other News

1. **PreciseDx® Secures \$20.7M in Series B Funding Led by Eventide Asset Management, with Labcorp, Quest Diagnostics, and GenHenn Capital Venture, to Advance AI-Powered Breast Cancer Diagnostics**

PreciseDx has raised \$20.7 million in a Series B funding round to advance its AI-powered cancer risk assessment technology. PreciseDx leverages Artificial Intelligence (AI) for new, morphology-driven disease analysis. The funding will support the development and commercialization of PreciseDx's diagnostic tools, which aim to improve cancer detection and treatment planning. Investors include existing and new partners committed to advancing precision medicine and improving patient outcomes. ([Link](#))

2. **XII Medical, Inc. Secures \$45 Million in Series B Financing Led by Omega Funds and Intuitive Ventures**

XII Medical has secured \$45 million in Series B financing to advance its neuromodulation therapy for obstructive sleep apnea. The funding will support clinical trials and regulatory approvals for XII Medical's innovative treatment, which aims to provide a less invasive alternative to current therapies. The financing was led by Omega Funds and joined by new investor Intuitive Ventures. Obstructive sleep apnea (OSA) is a disorder in which the muscles in the throat temporarily relax, causing blockage of the airway during sleep. ([Link](#))

3. **BeMe Health Secures \$12M in Funding from Flare Capital, Polaris Partners, Fiore Ventures, and California Health Care Foundation to Enhance Teen Mental Health Platform**

BeMe Health, a digital behavioral health startup focused on teen mental health, secured over \$12 million in funding from investors including Flare Capital, Polaris Partners, Fiore Ventures, and the California Health Care Foundation. This funding precedes their Series A round and supports platform enhancement, expansion, and innovation in youth behavioral healthcare. Hesperia Capital, led by Michael Papile and Rhett Hunter, joins as a new investor. BeMe's platform offers 24/7 accessibility, interactive tools, personalized support, and crisis intervention. CEO Dr. Nicoletta Tessler emphasizes the mission to transform youth mental health support. BeMe is SOC 2 Type 2 compliant. ([Link](#))

4. **Phrase Health, Inc. Secures \$2 Million NIH Grant to Enhance EHR Workflow Management and Clinical Decision Support Tools**

Phrase Health, Inc., a pioneer in EHR workflow management, has been awarded a \$2 million SBIR grant by the National Institutes of Health through the National Center for Advancing Translational Sciences. This funding will support the development of a content library of Quality Improvement templates for their Outcomes product, aimed at enhancing clinical decision support tools. The initiative will help health systems optimize EHR interventions, improving patient care and organizational efficiency. Founded in 2018, Phrase Health continues to lead in data-driven healthcare solutions, empowering providers to make informed decisions for better outcomes. ([Link](#))

5. CancerIQ, Provider of Precision Health Solutions, Receives Funding Package from Decathlon Capital Partners

CancerIQ has received a funding package from Decathlon Capital Partners to support its growth and expansion. The funding will enable CancerIQ to enhance its precision health platform, which helps healthcare providers identify and manage patients at risk for cancer. This investment will accelerate the development of new features and expand CancerIQ's market reach, ultimately improving patient outcomes. CancerIQ makes it easy to gather comprehensive patient data, and automatically map it to the latest evidence-based guidelines. ([Link](#))

6. NASA and ISS National Lab Announce \$4 Million Funding for Space-Based Disease Research

The International Space Station (ISS) National Laboratory and NASA have announced a new funding opportunity aimed at advancing research on cancer and other diseases. The initiative, part of the Cancer Moonshot program, will allocate up to \$4 million for multiflight translational and transformative research projects. This collaboration seeks to leverage the unique environment of space to accelerate scientific discoveries and develop innovative treatments for diseases affecting millions on Earth. ([Link](#))