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Investment Banking | Healthcare Finance | Consulting

Healthcare Weekly News and Deals – September 2nd, 2024

1. Fulcrum Equity Partners Invests in Physician Services Group to Propel Growth and Enhance Patient Care

Fulcrum Equity Partners has completed an investment in Physician Services Group (PSG), a South Carolina-based provider of transitional and geriatric care in skilled nursing and assisted living facilities. Founded in 2019, PSG focuses on managing the full continuum of patient care, achieving a 25% lower re-hospitalization rate. The investment will help PSG expand its service offerings and strengthen its management team under the leadership of Dr. Frank Newlands. Fulcrum's support aims to leverage PSG's high-touch service model and capitalize on growth opportunities in the healthcare sector. ([Link](#))

2. Cantata Health Solutions Acquires Geisler IT Services to Enhance MCO Workflow Integration Backed by Financial Sponsor TT Capital Partners

Cantata Health Solutions has acquired Geisler IT Services, the provider of the GOSH System, which facilitates seamless collaboration between Managed Care Organizations (MCOs) and service providers. The GOSH System streamlines processes such as client enrollment, eligibility confirmation, claims submission, processing, adjudication, and funding disbursement. This acquisition, backed by financial sponsor TT Capital Partners through a leveraged buyout (LBO) on August 27, 2024, is expected to improve workflow efficiency between MCOs and their provider networks. The financial details of the deal were not disclosed. ([Link](#))

3. Triage Expands Healthcare Staffing Footprint with Acquisition of RTG Medical via its Financial Sponsor Mccarthy Capital

Triage, a leading Omaha-based medical staffing agency, has acquired RTG Medical, a healthcare staffing company from Fremont. This acquisition enhances Triage's nursing, long-term care, and allied divisions, offering expanded job pools and better vendor relationships for healthcare professionals. RTG's COO, Jeremy Guenther, will join Triage, while RTG's President and CEO, Charlie Janssen, will exit. Triage's CEO, John Maaske, expressed excitement about the acquisition, highlighting the opportunity to grow client fulfillment and job offerings. Triage, founded in 2006, is recognized as a top healthcare staffing agency in the U.S. ([Link](#))

4. MedHQ Expands Services with Acquisition of Trajectory Revenue Cycle Services via its Financial Sponsors Plexus Capital, Eagle Private Capital and 424 Capital

MedHQ, a leader in healthcare advisory and administrative solutions, has expanded its offerings by acquiring Trajectory Revenue Cycle Services (Trajectory RCS), a Wichita-based company known for its collaborative revenue cycle management. Founded by Derrick Idbeis, Trajectory RCS serves a diverse group of healthcare providers and will add over 150 team members to MedHQ's

operations. This acquisition follows MedHQ's earlier expansion into physician practice management with the acquisition of Physician Focus. ([Link](#))

5. Prime Psychiatry Acquired Austin Psychiatric Consultants, Expands Mental Health Services in Austin Backed By Albaron Partners

Prime Psychiatry has launched specialized psychological testing and comprehensive mental health services at its new Austin location. This expansion aims to provide residents with access to advanced mental health solutions, including tailored psychological assessments and treatments. The new facility is part of Prime Psychiatry's broader strategy to enhance mental health care accessibility and quality across Texas. The Austin center will offer a range of services, from psychiatric evaluations to medication management, ensuring holistic care for patients. ([Link](#))

6. Northrim Horizon Acquires Allure Medspa, Appoints Kylie Tan as CEO to Drive Growth

Arizona-based investment firm Northrim Horizon has acquired Allure Medspa, a leading provider of minimally-invasive aesthetic treatments in the Phoenix metro area. This marks Northrim's sixth platform acquisition in its Fund II. To spearhead Allure's expansion, Northrim appointed Kylie Tan, formerly of McKinsey & Company, as CEO. The firm plans to scale Allure through new industry partnerships, business development, and strategic acquisitions, aiming to establish the brand as a trusted leader in the medical spa industry. ([Link](#))

7. McKesson (NYS: MCK) Invests \$2.5 Billion for Majority Stake in Florida Cancer Specialists

McKesson Corporation has announced a \$2.5 billion investment to acquire a 70% stake in Community Oncology Revitalization Enterprise Ventures, a unit of Florida Cancer Specialists & Research Institute. This acquisition aims to expand McKesson's oncology platform, enhancing patient care and reducing costs. The deal will integrate FCS into McKesson's US Oncology Network, providing advanced treatments and improved care experiences for cancer patients across Florida. ([Link](#))

8. PatientPay Mergers with ClearGage, Dominates Healthcare Billing Market

PatientPay has merged with ClearGage, creating a leading force in healthcare billing and payments. This strategic merger supports 1,600 healthcare organizations and manages 1.2 million digital patient wallets. The integration of ClearGage's payment solutions with PatientPay's platform aims to enhance financial outcomes for healthcare providers by improving collection rates and reducing costs. The merger also streamlines onboarding as a registered PayFac, offering greater control over payment solutions. ([Link](#))

9. StatLab Expands European Presence with Acquisition of Italy's Diapath Backed By Golub Capital, Golub Capital BDC, Audax Private Equity and Linden

North Texas-based StatLab has acquired Diapath, an Italian manufacturer of histology and cytology products, to expand its presence in the European market. This acquisition will allow StatLab to integrate Diapath's innovative equipment and established customer base into its operations, enhancing its global leadership in medical diagnostics. The deal is part of StatLab's strategy to broaden its product offerings and market access, positioning the company for significant growth in the anatomic pathology sector. ([Link](#))

10. Montshire Endodontics Joins MB2 Dental, Backed by Charlesbank

Montshire Endodontics completes its sale to MB2 Dental, a portfolio company of Charlesbank. Montshire Endodontics, known for its premier endodontic care, will now be part of MB2 Dental's growing network of practices. The acquisition aims to enhance Montshire's service capabilities and expand MB2 Dental's presence in the Northeast. This partnership is expected to bring significant benefits to both parties, ensuring continued high-quality care for patients. ([Link](#))

11. Steward Health Care to Sell Four Massachusetts Hospitals to Lifespan Corporation

Steward Health Care has announced plans to sell four of its hospitals in Massachusetts. The sale is part of Steward's strategy to streamline operations and focus on its core markets. The hospitals included in the sale are Morton Hospital, Nashoba Valley Medical Center, Holy Family Hospital, and Saint Anne's Hospital. This decision is expected to impact the local healthcare landscape, with potential changes in hospital management and services. ([Link](#))

12. iMD Companies Completes Acquisition of Riize LLC

iMD Companies, Inc. has completed the acquisition of Riize LLC, an innovative provider of telemedicine and pharmacy services. This acquisition will enable iMD to leverage Riize's product portfolio and expand its presence in the personal healthcare market. Riize has experienced significant growth, with a 6x increase in sales order volume and a 3x increase in its online subscriber base over the past year. The acquisition is expected to enhance iMD's capabilities and drive future growth. ([Link](#))

13. Formedics has Acquired AMC Media Group, Expands Peer to Peer Healthcare Professionals Engagement Platform

Formedics has acquired AMC Media Group, significantly expanding its reach to 1.5 million healthcare professionals (HCPs). This acquisition integrates AMC's digital properties and partnerships with medical associations into Formedics' platform, enhancing peer-to-peer learning and engagement. The move aims to provide HCPs with relevant, specialty-specific content through a unified omni-channel network, including digital, live events, and social media. Formedics' CEO, Greg Jackson, emphasized the importance of this acquisition in becoming the go-to partner for HCPs seeking trusted medical information. ([Link](#))

Venture and Other News

1. Forge Health, Backed by MFO Ventures, Expands Mental Health and Addiction Services

Forge Health has received an undisclosed amount of funding from MFO Ventures to expand its outpatient addiction treatment and mental health services. The investment will support the integration of virtual care, enhance outreach efforts, and add new payer partnerships. Forge Health aims to provide comprehensive, integrated care for substance use disorders and mental illness, positioning itself as a leader in value-based care. The company operates in New Jersey, New York, Pennsylvania, Massachusetts, and New Hampshire, offering both in-person and telehealth services. ([Link](#))

2. Melodi Health Secures \$10.75 Million Series A Funding for Breast Cancer Device Trials

Melodi Health has announced the close of a \$10.75 million Series A funding round, alongside the launch of the “ARIA” investigational device exemption (IDE) trial. The Minneapolis-based company aims to improve clinical outcomes for women undergoing breast reconstruction after mastectomy. The funds will support the development of Melodi Matrix, an absorbable mesh designed to reduce post-surgical infections and provide soft tissue support. This innovative device, which includes controlled antibiotic release, is expected to transform breast reconstruction practices. ([Link](#))

3. Release Recovery Acquires MANUAL to Enhance Men's Mental Health Support

Release Recovery, a leading New York-based substance use and mental health recovery organization, has acquired MANUAL, a digital personal development platform for young men, expanding its nationwide reach. Founded by Zac Clark, Release Recovery will now offer comprehensive mental health tools combining its in-person expertise with MANUAL's tech-enabled platform, which has shown significant positive outcomes among over 50,000 users in colleges and high schools. MANUAL founder Matthew Stefanko will join as COO, leading the new venture's expansion into critical areas like substance misuse and gambling addiction. ([Link](#))

4. Principle Health Systems Acquires BioStat Imaging, Enhancing Diagnostic Services Across Texas

Principle Health Systems has acquired BioStat Imaging, a Dallas-based mobile imaging provider, to expand its diagnostic service capabilities across Texas and beyond. This strategic acquisition aims to integrate BioStat's mobile imaging services with Principle's existing laboratory services, offering a comprehensive diagnostic solution for long-term care facilities. The merger is expected to improve patient outcomes by providing seamless, timely, and accurate diagnostic care. Principle Health Systems plans to introduce a new customer portal for streamlined access to lab and imaging results. ([Link](#))

5. HOPE Therapeutics , a subsidiary of NRx Pharmaceuticals (Nasdaq:NRXP), Secures Non-Dilutive Debt Funding for Ketamine Clinics, Plans \$100M Revenue Network Expansion

HOPE Therapeutics, a subsidiary of NRx Pharmaceuticals, announced the signing of a non-binding Term Sheet for non-dilutive, nonconvertible debt funding to acquire and expand interventional psychiatry clinics, specializing in ketamine treatments for suicidal depression, treatment-resistant depression (TRD), and PTSD. The company plans to establish a network of clinics in the U.S., France, and the U.K., with projected annual revenues exceeding \$100 million. This initiative complements \$60 million in potential equity funding upon the public listing of HOPE Therapeutics' shares. ([Link](#))