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Industry Highlights on
Healthcare



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Ontario Healthcare: Changing the Status Quo

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Ontario's healthcare system was under pressure before the global pandemic publicly exposed and exacerbated its weaknesses. Post-pandemic, many have argued the system is in crisis. Hospitals are overwhelmed, there is a significant shortage of labour, and in many cases, patients aren't receiving timely care. **The Ford government has publicly recognized that the status quo is no longer an option, and that private healthcare has a role to play in the solution.**

▪ *The Announcement*

In January 2023, Premier Ford and Health Minister Jones announced plans to reduce patient wait times and backlogs for various surgical and diagnostic procedures by leveraging existing community clinics across Ontario. While the majority of existing clinics in Ontario are considered "private", the Minister assured Ontarians that they will be able to receive care with their OHIP card, never their credit card.

The government has already faced considerable backlash from critics and pundits for 'privatizing healthcare', however, this announcement was one of the most significant healthcare announcements in recent years and in our view, is a very positive development for Ontario. **If implemented correctly, Ontario could see backlogs and wait times reduced beyond pre-pandemic levels.**

▪ *Bill 60, Your Health Act*

While we don't have all the details, the government did table Bill 60, Your Health Act, in February that renamed Independent Health Facilities as Integrated Community Health Service Centres ("ICHSC") and enabled credential recognition for healthcare workers in other Canadian Provinces. Bill 60 also grants significant powers to the Minister of Health to influence a call for applications and who is granted a license.

▪ *Next Steps*

It is clear that the Ontario government wants to move quickly. They have publicly announced that they want diagnostic imaging to begin in clinics in 2023 and surgical procedures to begin in 2024. As a result, the call for applications will require applicants to outline the details of the physical nature of the proposed centre, including its address and distance to other integrated community health services. This means applicants will need to have a facility essentially ready to go before they are even issued a license. **Applicants with deeper pockets will likely have a leg up on this part of the application as they can conceivably make those investments without a guarantee of a license.**



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Two other key priorities include health system integration and protecting health human resources (“HHR”) from being poached from hospitals. It is clear that diagnostic and surgical centres will have to be integrated with local health partners, including hospitals. What is still unclear is what the nature of that integration will look like. Further, the government has indicated there will be safeguards to prevent poaching from hospitals. Applicants will need to submit a staffing model, complete with evidence of its sustainability. Schedule 2 of Bill 60 amends several pieces of Legislation to allow healthcare workers registered or licensed in other provinces to immediately start practicing in Ontario without having to wait or complete their registration with the Ontario regulatory college. While other provinces are not happy about this, many applicants will probably use out-of-province HHR as part of their staffing models.

The application will also require a description of any uninsured services being provided at the centre. Applicants will need to outline how they will comply with the provisions of the Legislation and ensure there is no queue jumping or extra billing. Clinics will be able to offer upgrades (ex. for cataracts or implants) but they cannot require anyone to buy upgrades. This section is specifically designed to protect patients against a requirement to pay above and beyond what OHIP covers.

Above all else, the government is prioritizing quality of patient care. There are numerous frameworks and safeguards in place to ensure that the patient experience is a top priority for all clinics that are granted new licenses. For example, the Ministry will have the authority to prescribe an inspection body with inspection powers for all clinics and will enable the ICHSC Director to order a licensee to cease delivery of licenced services until in compliance with quality and safety standards.

▪ *Our View*

In making these historic changes to Ontario’s healthcare system, it is clear that Premier Ford and Minister Jones are prioritizing patients over critics. Many have argued that this is a move to ‘privatize healthcare’. While the government is leaning on the private sector for support, there will be no two-tiered systems. Ontarians will continue to use their healthcare just as they have in the past, but if all goes to plan, they will be able to access even more critical health services in their local communities

Cumberland Strategies is a national public affairs and government relations firm headquartered in Toronto. [Carys Baker](#) is a Toronto-based Consultant with a focus on the healthcare and long-term care sectors.

- ▶ On March 27th, **CVS Health Corp (“CVS”)** (CVS.N) announced that it expects to complete its US\$8 billion acquisition of healthcare services company **Signify Health (“Signify”)** (SGFY.N) this week, bringing the retail pharmacy network a national roster of clinicians for in-home medical services. CVS' potential acquisitions of Signify and **Oak Street Health (OSH.N)**, along with other such deals, have been facing increasing scrutiny over their impact on the cost of healthcare in the United States
- ▶ On March 16th, **Laboratory Corporation of America Holdings (“Labcorp”)** (NYS:LH), an American healthcare company headquartered in North Carolina, reached a definitive agreement to acquire **Enzo Clinical Labs (“Enzo”)**, a New York-based subsidiary of **Enzo Biochem (NYS:ENZ)** and provider of healthcare laboratory services with a focus on women’s health, for an undisclosed amount. The sale follows a strategic restructuring initiative by Enzo to target business areas and industry sectors representing major growth opportunities
- ▶ On March 15th, **ELNA Medical (“ELNA”)**, a Montreal-based integrated network of medical clinics, announced the acquisition of two private clinics, **Créa-MeD** and **Uni-Med**, located in downtown Montreal and Bois-Franc, respectively, for an undisclosed amount. The clinics offer a wide range of private family medicine and specialized care and will advance ELNA’s efforts to provide Canadians access to quicker and better-quality care, in person, at home, or virtually
- ▶ On March 7th, **The Healing Company (OTC:HLCO)**, a US-based health and wellness company, acquired **Chopra Global**, a modern healthcare company based in New York, deepening its partnership with wellness icon, Dr. Deepak Chopra. The acquisition, which was for an undisclosed amount, includes Chopra’s physical product line, the Chopra meditation and wellbeing app, and licensed experiences including The Chopra Health Retreat at CIVANA Wellness Resort & Spa and the Chopra Mind-Body Zone and Spa at the Lake Nona Performance Club
- ▶ On March 1st, Toronto-based PE management firm, **Clairvest Group Inc. (TSX:CVG)(“CVG”)**, together with **Clairvest Equity Partners VI (“CEP VI”)** announced a US\$32 million equity investment in **Bluetree Dental**, a multi-specialty, pediatric and orthodontics focused dental service organization centered in the Mountain West region of the US, with CVG’s portion of the investment equaling US\$9 million. This investment will be CVG’s 61st platform investment, second partnership in the dental industry, and 10th investment in the CVG/CEP VI co-investment pool which is capitalized at US\$850 million
- ▶ On February 27th, **Gentiva Health Services (“Gentiva”)**, a hospice, palliative, and personal care company in the US, backed by US PE firm **Clayton Dubilier & Rice** and for-profit US health insurance company **Humana Inc.**, announced that they have signed a definitive agreement to acquire Heartland hospice and home care agencies/locations from **ProMedica**, a US-based provider of acute and ambulatory care services

Key Indicators

<i>In \$CAD millions</i>	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2023E	2024E	2023E	2024E	
dentalcorp Holdings Ltd.	1,700.6	2,959.2	2.0x	1.8x	11.0x	9.7x	55.3%
Neighbourly Pharmacy Inc.	967.5	1,275.6	1.4x	1.2x	12.4x	9.7x	72.6%
Akumin Inc.	125.5	2,330.5	2.2x	2.1x	10.8x	9.6x	33.4%
CareRx Corporation	124.9	234.5	0.6x	0.6x	7.5x	5.9x	39.8%
Average			1.6x	1.4x	10.4x	8.7x	50.3%

- ▶ On March 28th, **DoseSpot**, a software-as-a-service (SaaS) platform that enables clinicians to electronically write and transmit prescriptions to pharmacies, announced that it has acquired the **TreatRx** segment of **Bravado Health** to strengthen and expand DoseSpot's solution set for healthcare providers and help advance its position in the ePrescribing software integration market, for an undisclosed amount. The acquisition follows a strategic investment in January 2022 in DoseSpot led by PSG, a US-based growth equity firm
- ▶ On March 22nd, Denver-based mental health provider, **SonderMind**, announced the acquisition of the tech assets, along with select technology team members, of **Mindstrong**, a US-based virtual mental health platform, for an undisclosed amount. The purchase will bring technology custom built for mental health, and will enable SonderMind to deliver personalized care journeys, clinical notes templates, and enhanced measurement-based care to help treat those with serious mental illness
- ▶ On March 21st, **Janus**, an Illinois-based leading provider of healthcare revenue cycle management (RCM) technology, announced that it has received a strategic growth investment from **Enhanced Healthcare Partners**, a US-based PE firm focusing on transformative, middle-market healthcare businesses. The new capital will fuel Janus' market expansion, product development, and go-to-market initiatives
- ▶ On March 7th, **WeightWatchers ("WW")**, the US-based provider of nutritional, activity and lifestyle tools, announced the acquisition of **Weekend Health, Inc., d/b/a Sequence**, a US-based subscription telehealth platform offering access to healthcare providers specializing in chronic weight management. WW will acquire Sequence for a total of US\$132 million in a deal scheduled to be finalized this spring
- ▶ On March 6th, **LevelJump Healthcare Corp. ("LevelJump")**(TSXV:JUMP)(OTCQB:JMPHF)(FSE:75J), a Canadian leader in B2B telehealth solutions, announced that it has completed its preliminary due diligence and agreed to amending agreements with the sellers for its proposed acquisition of four diagnostic imaging clinics, also known as independent healthcare facilities ("IHF's"), from private Alberta vendors, for a purchase price of \$5.76 million
- ▶ On March 3rd, **Framework Solutions ("Frameworks")**, a US provider of IT services and solutions for life sciences companies, and a portfolio company of US PE firm, **WestViewCapital ("Westview")**, purchased **Onix Life Sciences ("Onix")**, a UK-based leading provider of software solutions for the life sciences industry, for an undisclosed amount. The acquisition helps both companies expand global reach, while bolstering service capabilities by providing a broader scope of critical services to clients
- ▶ On February 22nd, **Amazon** completed the US\$3.9 billion acquisition of **One Medical**, a US membership-based primary care organization that offers virtual care, as well as in person visits. The landmark deal will turn Amazon into a provider of primary medical care with access to more than 200 brick-and-mortar doctors' offices, along with roughly 815,000 One Medical members. This deal allows Amazon to expand its telehealth services and acquire valuable relationships with hospital systems

Key Indicators

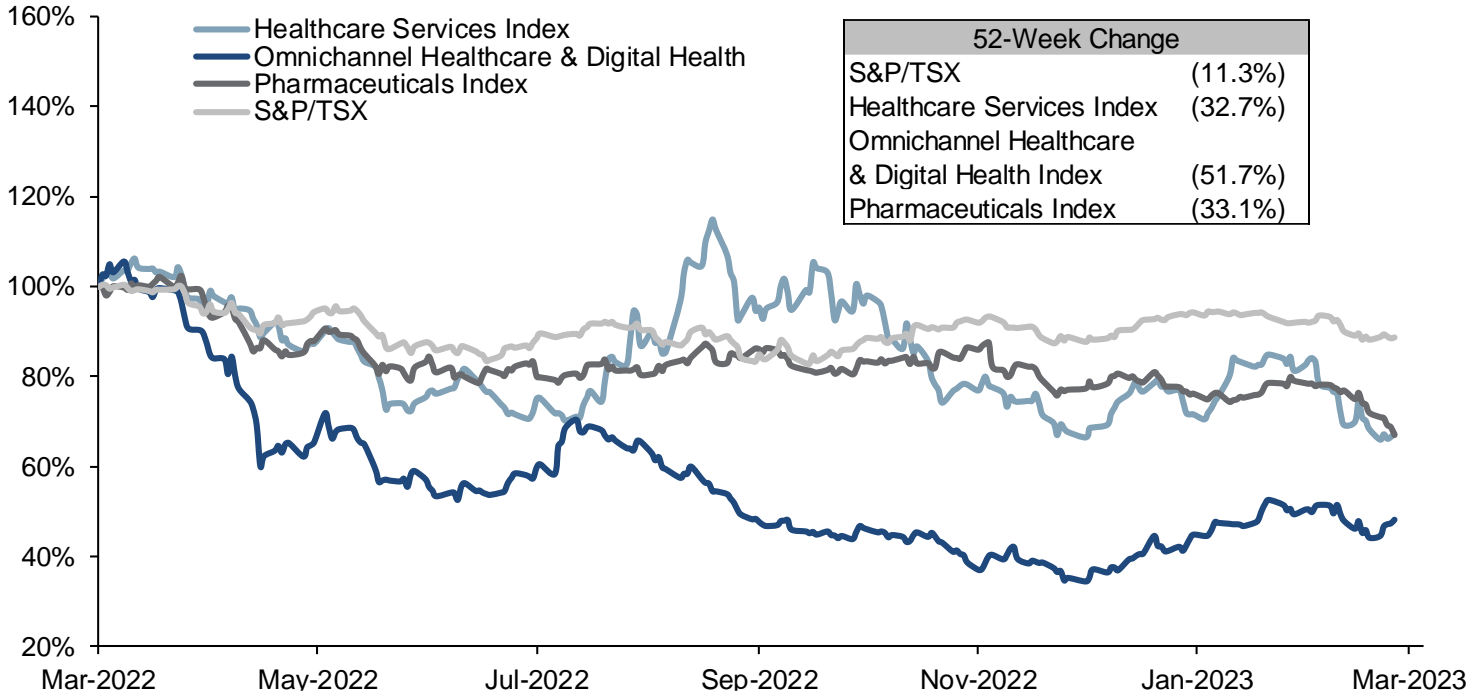
In \$CAD millions	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2023E	2024E	2023E	2024E	
WELL Health Technologies Corp.	1,126.0	1,550.6	2.3x	2.1x	13.4x	11.4x	85.3%
Dialogue Health Technologies Inc.	260.1	212.3	1.9x	1.5x	neg	40.1x	61.1%
Vitalhub Corp.	116.0	100.0	2.0x	1.8x	8.5x	7.1x	77.1%
CloudMD Software & Services Inc.	52.8	53.3	0.4x	0.4x	neg	5.1x	19.4%
Think Research Corporation	34.9	77.3	0.8x	0.7x	11.7x	8.0x	41.4%
LifeSpeak Inc.	33.1	114.5	1.9x	1.6x	6.2x	5.3x	9.5%
MCI Onehealth Technologies Inc.	24.8	43.1	0.7x	na	19.3x	na	28.9%
Average			1.5x	1.4x	10.9x	11.8x	41.5%

- ▶ On March 22nd, **Cognito Therapeutics (“Cognito”)**, a Massachusetts-based neurotechnology company advancing disease-modifying therapies to treat CNS diseases, secured a US\$73 million Series B financing round led by **FoundersX Ventures**, a venture capital firm based in Silicon Valley, and including support from Cognito’s previous backers. The funding will advance Cognito’s study of its non-invasive neuromodulation device, which delivers proprietary gamma frequency light and sound stimulation intended to treat Alzheimer’s Disease
- ▶ On March 14th, Canadian specialty pharmaceutical companies **Searchlight Pharma Inc. (“Searchlight”)** and **Nuvo Pharmaceuticals Inc. d/b/a Miravo Healthcare (“Miravo”)**(TSX:MRV)(OTCQX:MRVFF) announced the closing of their previously announced plan of arrangement. The combined company will rank in the top three Canadian specialty pharma companies, with a diversified portfolio of products in areas including women’s health, urogynecology, urology, endocrinology, pain, allergy, neurology, dermatology, and hospital specialty markets. Under the terms of the arrangement, Searchlight acquired all the issued and outstanding common shares of Miravo for cash consideration of \$1.35 per share. Miravo Shares will be de-listed from the TSX and Miravo will apply to cease to be a reporting issuer
- ▶ On March 13th, **Pfizer**, one of the world’s premier biopharmaceutical companies, announced that it will be acquiring **Seagen**, a US-based biotechnology company dedicated to revolutionizing cancer care, for US\$43 billion. Pfizer is hoping to deploy its financial resources to advance the battle against cancer
- ▶ On March 13th, **Sanofi**, a French pharmaceutical and healthcare company and maker of long-acting insulin products Toujeo and Lantus for type 2 diabetes, announced it has agreed to acquire **Provention Bio Inc**, a US-based commercial-stage biopharmaceutical company focused on advancing the development and commercialization of investigational therapies, for US\$2.9 billion to bolster its work on a US-approved type 1 diabetes therapy and strengthen its drug pipeline following development setbacks
- ▶ On March 6th, **Congruence Therapeutics (“Congruence”)**, a Montreal-based drug discovery company, secured US\$10 million in additional Series A funding led by new investor **BDC Capital’s Thrive Venture Fund**, with participation from current investors, bringing the total round to over US\$65 million. The additional proceeds will allow Congruence to accelerate their pace, advancing the Revenir™ platform, and programs for genetic, rare and neurological diseases
- ▶ On March 2nd, **Albireo Pharma Inc (“Albireo”)**, a leading innovator in bile-acid modulators to treat rare liver conditions, headquartered in Boston, was acquired by **Ispen Group (“Ispen”)**(PAR:IPN), a global, mid-sized biopharmaceutical company focused on transformative medicines in Oncology, for US\$952 million. As part of the deal, Ispen has also acquired two drugs in Albireo’s pipeline named A3907 and A2342, currently being studied for primary sclerosing cholangitis and viral and cholestatic diseases, respectively

Key Indicators

In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2023E	2024E	2023E	2024E	
Bausch Health Companies Inc.	3,681.5	25,170.2	2.2x	2.2x	6.0x	5.7x	34.0%
Knight Therapeutics Inc.	484.5	462.0	1.6x	1.5x	10.7x	9.8x	70.2%
HLS Therapeutics Inc.	200.9	277.5	2.8x	1.9x	8.2x	5.0x	39.8%
Theratechnologies Inc.	109.4	142.0	1.1x	1.0x	nmf	10.2x	30.1%
Cipher Pharmaceuticals Inc.	83.5	55.1	1.8x	1.8x	3.2x	3.3x	81.8%
Average			1.9x	1.7x	7.0x	6.8x	51.2%

Indexed Segment Performance¹



Charting the Course

- ▶ The TSX index decreased 11.3% over the last 12 months, falling from February’s 52-week decrease of 1.9%. The weaker performance is attributable to a decline led by banks and energy stocks, fueled by troubles related to Silicon Valley Bank, Credit Suisse and other smaller regional US banks
- ▶ Our Healthcare Services Index reflects a 12-month decrease of 32.7%, falling from February’s decrease of 20.2%, with wage inflation and higher costs of capital weighing on company results and share prices
- ▶ Our Omnichannel Healthcare & Digital Health Index recorded a decline of 51.7% over the past 12-months, falling from February’s 47.8% drop, reflecting weaker market performance in the broader technology sector
- ▶ Our Pharmaceuticals Index decreased 50.7% over the last 12-months, a large drop from February’s decline of 18.1%, due to higher inflation and cost of capital as well as some selling pressure

1. Index segments are market prices for the companies in each category as noted in the earlier pages of the report.

About Us

Origin Merchant Partners is an independent investment bank that provides value added corporate finance, mergers and acquisitions and merchant banking services delivered by senior professionals. Our clients engage us for our dedicated, high level of service and independent advice to address their strategic and financial plans.

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