

Executive Summary

Delancey Street Partners (“DSP”) is pleased to present our Revenue Cycle Management Sector Review as of September 2022. Healthcare providers increasingly leverage outsourced revenue cycle management (“RCM”) vendors to contain costs, maximize collections, and enhance patient experiences. RCM companies benefit from these trends, capturing a growing share of the functions that many health systems now seek to outsource.



Topics of Discussion

- Overview of Revenue Cycle Management
- RCM Sector Investment Themes
- DSP Spotlight Trend: Automation, Artificial Intelligence (“A.I.”), and the Revenue Cycle
- Review of Public Company Performance
- Notable M&A activity

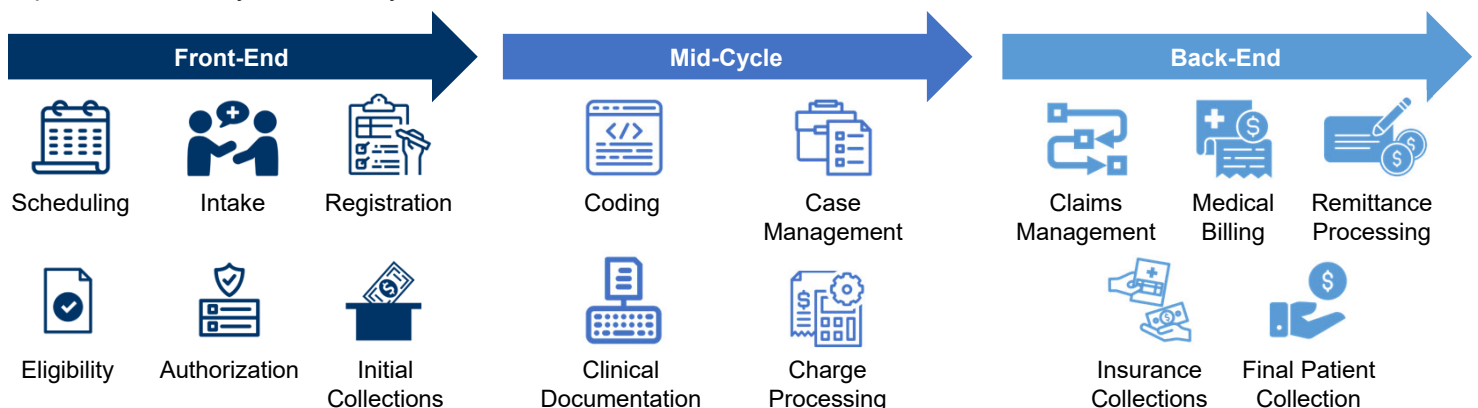
Revenue Cycle Management Continuum

Revenue cycle management includes the administrative and clinical functions that contribute to the capture, management, and collection of patient service revenue. The revenue cycle is broken down into three distinct stages, each of which impact the patient and health system in different ways:

Front-End: Functions in this stage include scheduling, patient intake and registration, eligibility and authorization, and initial patient collections. This stage is the patient’s first interaction with the health system and it is imperative that front-end functions operate seamlessly in order to have a positive impact on the overall patient experience. The critical goal is that all patient information is collected and accurately recorded in order to increase efficiency and reduce delays in the proceeding stages.

Mid-Cycle: Functions in this stage include coding, case management, clinical documentation, and charge processing. According to the Barclays’ 2022 Healthcare Survey, respondents viewed the mid-cycle as the most beneficial to outsource given the complexity and constantly changing nature of coding and claims.⁽¹⁾ This stage has minimal visible impact to the patients; however, with the shift towards value-based care, the mid-cycle is increasingly important to health systems. Due to the increased documentation requirements of value-based care, it is important for the clinical staff to work closely with their RCM staff / vendor to produce accurate documentation to minimize the chances of lower reimbursement rates and penalties.

Back-End: Functions in this stage include claims management, medical billing, remittance processing, insurance collections, and final patient collections. The back-end stage has a significant impact on both the health system and patient experience. From the patient perspective, this stage is the final point of contact with the health system, and poor health system operations in this stage could ruin an otherwise positive experience. From the health system’s perspective, collecting payments from patients, who are becoming a larger share of the overall payer mix, is more efficient if this stage is seamless and patient responsibilities and bills are easy to understand. The efficient operation of this stage directly improves a health system’s ability to receive reimbursement.



REVENUE CYCLE MANAGEMENT SECTOR REVIEW

Investment Themes

RCM is a ~\$115 billion industry and is expected to grow at a 12.0% CAGR from 2022 to 2030.⁽²⁾ With only 19.0% of hospitals utilizing outsourced RCM services, there remains significant opportunity for further penetration from outsourced RCM providers. Investments in revenue cycle solutions by health systems remain strong at 14.1% of total 2022 healthcare information technology (“HCIT”) budgets. Over time, this figure is expected to increase.⁽¹⁾ DSP believes there is a compelling investment thesis for the RCM sector supported by the convergence of several industry trends. Strategic buyers and financial investors have been drawn to a number of these attributes that make the space attractive for building platforms of scale. These attributes include:

Labor Challenges for Health Systems

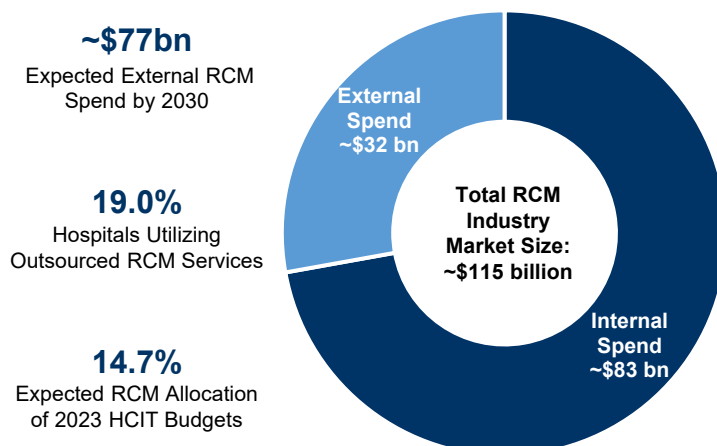
The healthcare industry has not been immune to the labor shortage and cost pressures challenging the overall economy. The “Great Resignation,” brought on by the COVID-19 pandemic, has made it increasingly difficult for providers to maintain efficient operations as 18.0% of healthcare workers resigned during the pandemic.⁽³⁾ As a result, a significant majority of hospitals are experiencing moderate to severe labor shortages in their RCM / billing departments, while nearly a third of hospitals noted experiencing operational deficiencies due to these labor shortages.⁽⁴⁾ Further, these issues are likely to be exacerbated as outpatient case volumes, which create a larger strain on RCM staff compared to inpatient cases, begin to exceed pre-COVID levels by the end of 2022.⁽⁵⁾

The recent escalation of labor pressures on providers further enhances the value proposition for outsourced RCM solutions. Substantial cost savings can be achieved for hospitals via outsourcing their RCM functions given labor needs for outsourced RCM providers are generally 10.0-15.0% lower than in-house operations.⁽¹⁾ This particular trend was noted as one of the primary drivers behind Sutter Health’s recent 10-year, \$10 billion net patient revenue (“NPR”) contract with R1 RCM to manage Sutter’s end-to-end RCM functions. Partnering with an outsourced RCM provider allows health systems to optimize their RCM staff and focus on value-added services that contribute to the overall care of patients.

Regulatory Trends, Medicaid Expansion

U.S. healthcare regulation is constantly changing, creating challenges for health systems and their RCM staff to stay abreast of the current laws and requirements. Beginning in 2014, the Affordable Care Act provided states the authority to expand Medicaid eligibility. The expansion effectively turned Medicaid experts into novices, as states not only have the option to opt-in to the expansion but also the ability to implement waivers which expand beyond the federal level. In 2015, the Centers for Medicare & Medicaid Services (“CMS”) introduced value-based care with the passing of the Medicare Access and CHIP Reauthorization Act. Value-based care seeks to reward healthcare providers for the quality of care provided. However, this reimbursement model results in a larger documentation burden on providers’ RCM staff in order to ensure full reimbursement. Thus, there are new risk factors that can negatively impact revenue beyond payer denials; failure to meet the documentation requirements will result in revenue

U.S. RCM Key Statistics⁽¹⁾⁽²⁾⁽⁴⁾



Regulatory Overview⁽⁶⁾⁽⁷⁾

No Surprise Act of 2022

- Bans “surprise bills” for most emergency services, even from out-of-network providers or facilities without prior authorization
- Bans “balance bills” for ancillary services received from out-of-network providers
- Prohibits out-of-network cost-sharing for most emergency and some non-emergency services

Medicare Access and CHIP Reauthorization Act (Value-Based Care)

- Healthcare providers (both hospitals and physicians) are compensated based upon patient health outcomes
- Provides bonus payments for high-quality care and lower reimbursement for providers who do not reach performance standards

CMS Price Transparency Rule

- Licensed hospitals must post their standard charges prominently on a publicly available website
- Must display at least 300 shoppable services that a consumer can schedule in advance and disclose gross charges, discounted cash prices, payer-specific charges, and de-identified minimum and maximum charges for all standard services
- CMS may impose civil monetary penalty on hospitals up to \$300 per day for every day the hospital remains non-compliant

Affordable Care Act (Medicaid Expansion)

- Expanded Medicaid coverage to nearly all adults with incomes up to 138% of the Federal Poverty Level
- American Rescue Plan of 2021 provides non-expansion states with additional, temporary fiscal incentives to implement Medicaid expansion

REVENUE CYCLE MANAGEMENT SECTOR REVIEW

Investment Themes (continued)

leakage. In January 2022, the passing of the No Surprise Act transformed the billing landscape for out-of-network (“OON”) emergency, and some non-emergency, services.

As a result of Medicaid expansion, knowledgeable RCM staff who are able to navigate the diverse Medicaid landscape are highly sought after. Given the ongoing shift to value-based care, utilizing a skilled RCM provider is imperative to minimizing revenue leakage. Due to the implications from the No Surprise Act, a higher burden will be placed on RCM staff as they will need to identify OON claims earlier in the client care journey and correctly process internal claims in conjunction with OON vendors. Given the significant implications of these regulations on health systems’ ability to realize revenue, outsourced RCM providers fill a growing void for local market expertise in a dynamic regulatory environment.

Increasing Patient Payer Mix

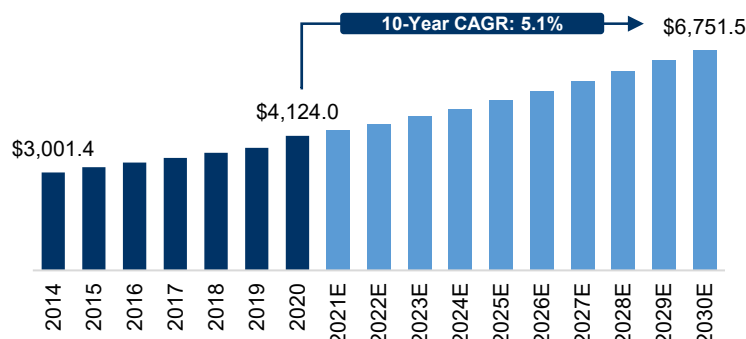
The percentage of out-of-pocket healthcare spending has increased and is expected to continue to grow. According to CMS, out-of-pocket healthcare spending in 2020 grew to \$388.6 billion, 14.2% higher than in 2014, and is expected to increase to \$609.8 billion by 2030.⁽⁶⁾ This trend causes a strain on healthcare providers as payments from patients take longer to collect than those from other payer types, with 70.0% of providers experiencing collection periods greater than 30 days, according to a survey conducted by InstaMed.⁽⁸⁾ Further, the high-risk population is growing, and that segment of the population spends approximately 3x more on healthcare than the working age population.⁽⁹⁾ As payments continue to become more difficult to collect, the likelihood of providers going uncompensated for services provided increases.

In connection with a positive clinical experience, providers will also need to offer a seamless and frictionless financial experience. According to the survey conducted by InstaMed, 49.0% of consumers and 74.0% of millennials would switch healthcare providers for the sole purpose of receiving a better payment experience.⁽⁸⁾ The push to improve the overall patient experience benefits outsourced RCM providers who can help health systems adapt their payment and billing operations to better fit the changing desires and demands of consumers.

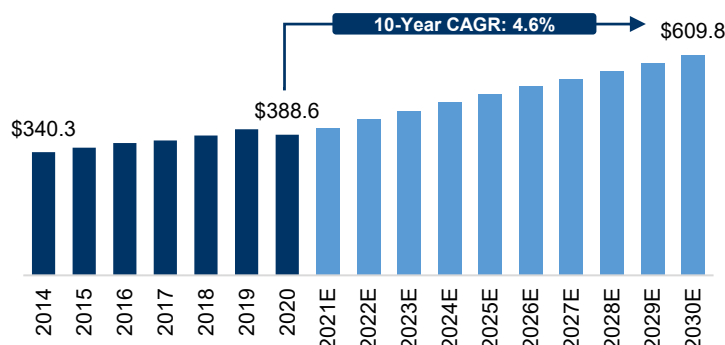
What This Means

DSP expects both strategics and private equity platforms to continue to actively seek acquisitions of outsourced RCM providers to capitalize on these tailwinds in an under-penetrated, fragmented market. Healthcare providers will increasingly look to partner with RCM providers in efforts to maximize reimbursement and gain access to greater domain expertise in navigating the dynamic landscape.

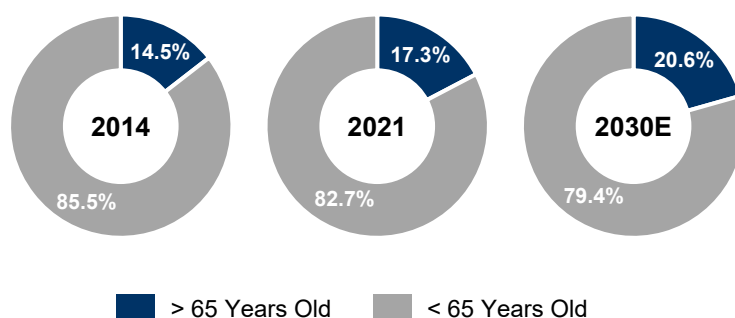
U.S. Total Healthcare Spending (\$ in billions)⁽⁶⁾



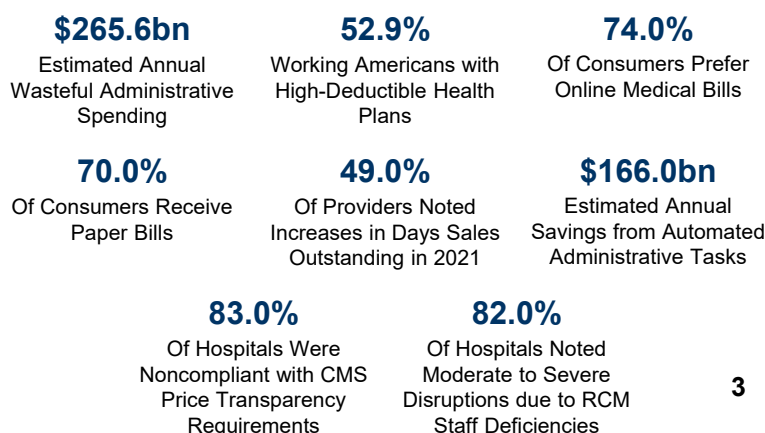
U.S. Out of Pocket Healthcare Spending (\$ in billions)⁽⁶⁾



U.S. Population Age Distribution⁽¹⁰⁾



Healthcare and RCM Statistics⁽⁴⁾⁽⁸⁾⁽¹¹⁾⁽¹²⁾



REVENUE CYCLE MANAGEMENT SECTOR REVIEW

DSP Spotlight Trend: Automation, A.I., and the Revenue Cycle

Automation and A.I. are Changing the Revenue Cycle

DSP sees a pronounced trend of RCM companies leveraging automation and A.I. to enhance capabilities and service delivery. This strategy has altered the way RCM providers and healthcare providers navigate the revenue cycle as automation and A.I. have various applications across front-end, mid-cycle, and back-end revenue cycle tasks. Utilizing automation and A.I. in RCM helps healthcare providers realize significant benefits, including mitigating preventable revenue leakage, improving the overall patient experience, easing pressure on internal staff, and reducing labor costs.

Front-End: Automation and A.I. are able to streamline front-end revenue cycle tasks, reducing labor needs of healthcare providers and improving the overall patient experience. A major task in which automation and A.I. enhance RCM providers' offerings is the handling of prior authorizations. Prior authorizations involve obtaining pre-requisite approval from a patient's insurance company prior to scheduling or administering many healthcare services. According to an American Medical Association survey, healthcare staff spend an average of 13 hours each week completing prior authorizations.⁽¹³⁾ Further, from the patient perspective, a lengthy prior authorization process disrupts the continuity of care and can delay critical treatments. Additional important front-end tasks are eligibility and information gathering. Automation and A.I. enhance healthcare providers' ability to obtain accurate information in the beginning of the cycle, which helps streamline the later stages and reduce the likelihood of claim denials.

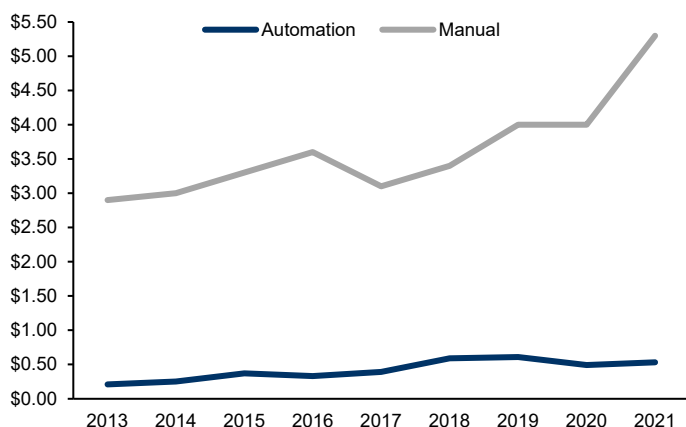
Mid-Cycle: Automation and A.I. in the mid-cycle are focused on improving hospital operations. Coding for healthcare services impacts the amount of reimbursement healthcare providers ultimately receive, and given coding is constantly changing and becoming more complicated, automation and A.I. can have the largest impact on this aspect of the revenue cycle. Additionally, implementing A.I. and data analytics can aid in monitoring readmissions, which will help healthcare providers significantly reduce costs as the average readmission costs providers \$15,200 per patient.⁽¹⁴⁾

Back-End: Automation and A.I. in back-end tasks often work in conjunction with automation in the earlier stages. Automation in this stage is often used to scrub claims for missing or incorrect information before final submission to ensure accurate claims, eliminating denials. Additionally, there are solutions that will identify the self-pay amounts after insurance companies process the claim, automatically notify the patient of their resulting balance, and allow patients to make payments electronically, a capability 91.0% of consumers prefer.⁽⁸⁾

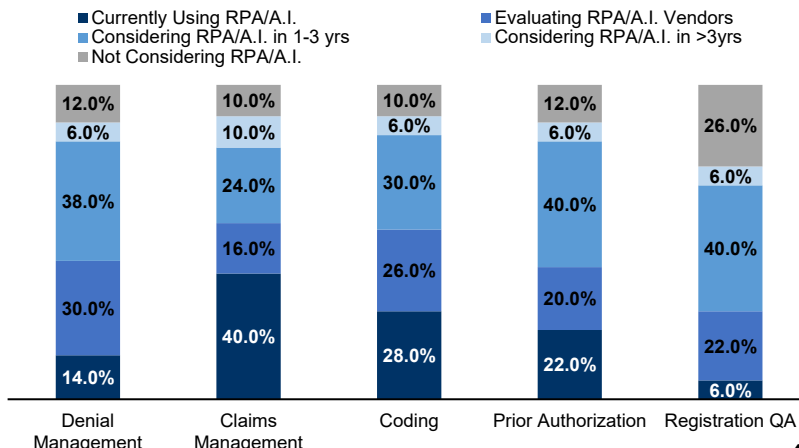
Pursuing Partnerships and M&A to Bolster Automation and A.I. Capabilities

As the healthcare payments landscape continues to become more complicated, both public companies and private equity-backed platforms have increasingly pursued strategic acquisitions and partnerships as a means to bolster their automation and A.I. capabilities. Outsourced RCM providers have focused on acquiring and partnering with cloud-based and technology-enabled platforms to accelerate the automation of the manual tasks they provide to healthcare providers. For example, R1 RCM's acquisition of Cloudmed in 2022 has allowed R1 to automate nearly 110 million manual tasks as well as launch new modular automated solutions. These modular solutions allow R1 to expand its customer base to healthcare providers who may not be seeking a full, end-to-end partnership, an opportunity that may not have been economical without its advancements in automation and A.I. The implementation of these automation services, both as a suite of services provided to healthcare providers and as standalone, modular services, has enhanced the value proposition of partnering with outsourced RCM companies.

Avg. Cost per Automated / Manual Transaction⁽¹⁵⁾



Leading Health System Adoption of Automation / A.I.⁽¹⁶⁾

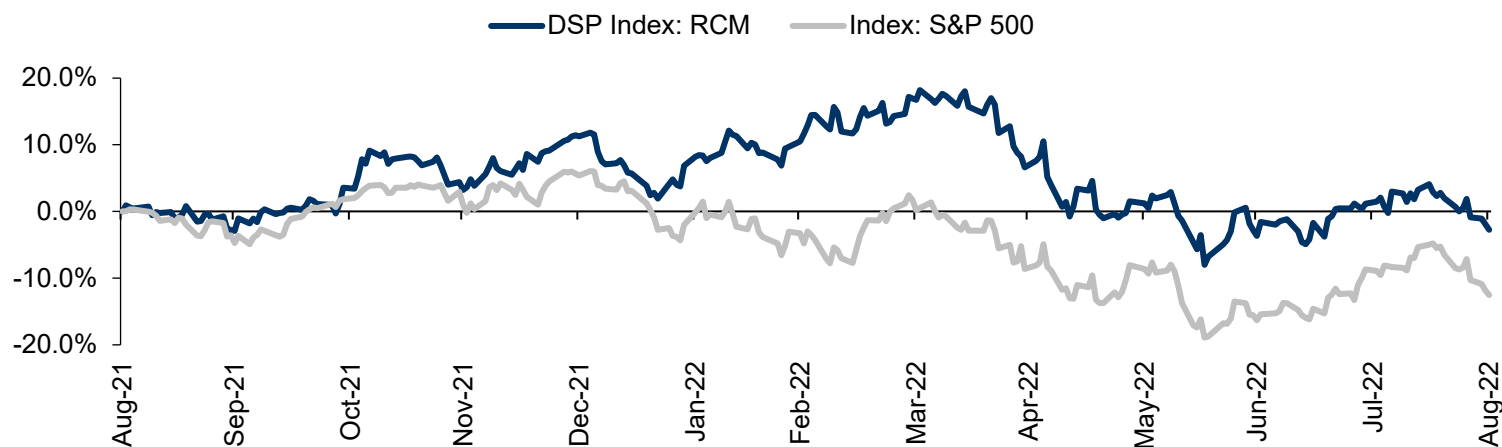


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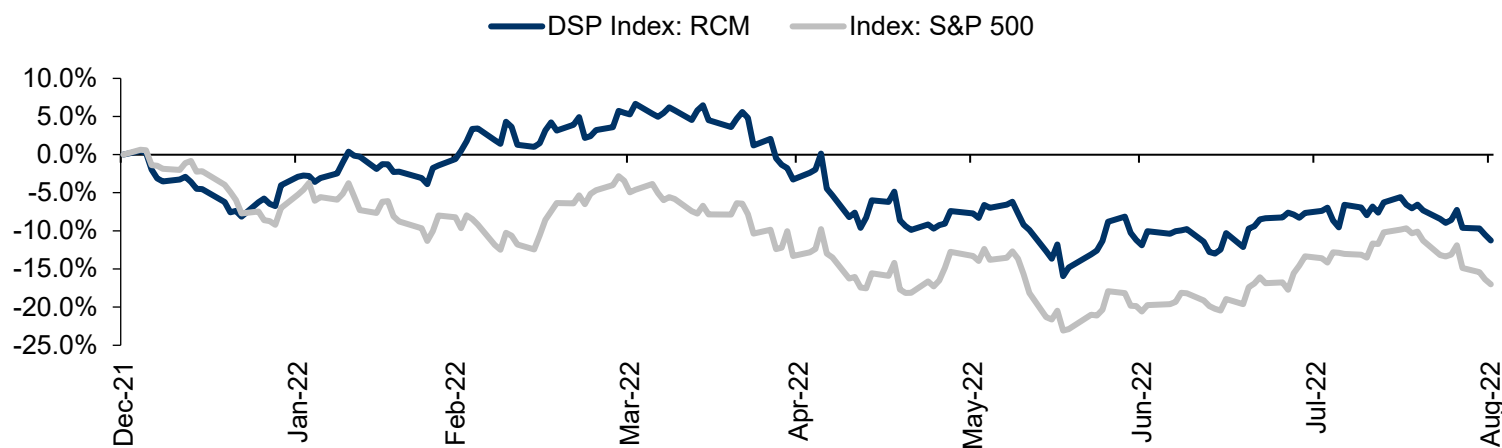
Review of Public Company Performance⁽¹⁷⁾

The DSP RCM index remained relatively flat in the trailing twelve-month period, with an average annual decline of 2.8%, outperforming the S&P, which declined 12.6%. Primary factors driving the outperformance of the sector versus the S&P 500 included: i) stable health system capex spending; ii) increasing labor / cost pressures on healthcare providers, positively impacting end-to-end RCM outsourcing; and iii) an uptick in patient volumes

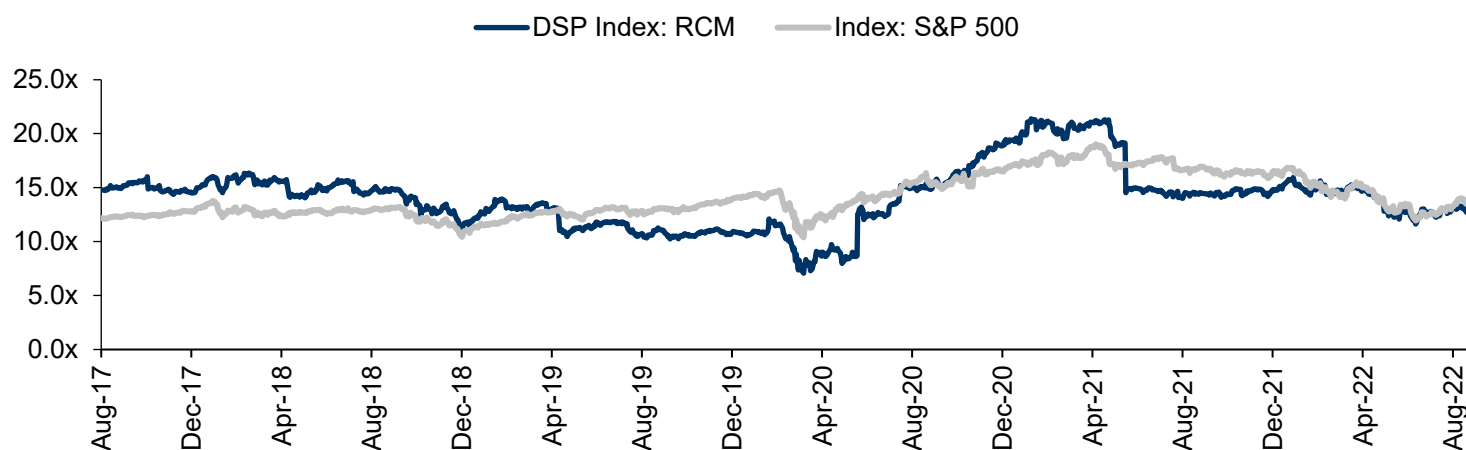
LTM DSP RCM Index Performance



YTD 2022 DSP RCM Index Performance



5-Year EV / LTM EBITDA Multiple



REVENUE CYCLE MANAGEMENT SECTOR REVIEW

Recent M&A and Strategic Commentary⁽¹⁷⁾



"Looking to the next stage of automation, as a result of the planned acquisition of Cloudmed, we expect to have the broadest coverage on revenue cycle processes automation. We expect our data footprint to increase 10-fold, enabling further advancements in machine learning, which will in turn create a more powerful value proposition for customers." (*Joseph Gerard Flanagan, President & CEO, 2/17/22*)

"Our automation effort, which is now in its fourth year, has reduced our reliance on manual labor by approximately 15% relative to our baseline and in-house provider operations. We see significant runway ahead to further automate and digitize our operations. Providers recognize that these levers available to us are not readily available to them and certainly not at the same price points. As a result, commercial activity remains very robust across our end-to-end and modular channels." (*Joseph Gerard Flannigan, President & CEO, 8/03/2022*)



"In our RCM technology business, we announced a partnership with Luma Health to co-develop solutions to unify all patient journeys, from clinical to operational to financial. Our strategic partnership will leverage Luma Health's KLAS-recognized healthcare engagement engine alongside Change Healthcare's proven revenue cycle technology and services to develop new patient engagement solutions that seamlessly connect every touchpoint across the patient journey. This patient-first and interoperability-focused approach... will improve the patient experience for both providers and patients." (*Neil E. de Crescenzo, President, Director & CEO, 5/26/22*)



"Our services are an avenue for growth and significant expansion of our TAM. The reality is we're delivering our expertise as a service because we believe that by combining technology with expertise and analytics, that we can drive an outcome. And in this particular case and in this environment, that outcome is primarily focused on improving labor efficiency as well as safety and quality. And so, Advanced Services are resonating particularly well in this labor-constrained environment with customers and driving a lot of the growth for us over the long-term." (*Scott Seidelmann, CCO, EVP, 8/04/22*)



"Our recent acquisitions of TruCode and HRG bring pro forma leverage to roughly 2.1 times EBITDA, well below our target of 2.5 times, ensuring that we remain well-positioned to respond quickly to other opportunities that may arise. We continue to groom our pipeline of potential M&A opportunities that fit our programmatic M&A strategy, and feel there's tremendous opportunity to enhance and supplement TruBridge service offerings with reasonably valued rollups and tuck-ins." (*Matt J. Chambliss, CFO, 8/02/22*)

"Specific to our revenue cycle management and medical record coding services, our hospital and post-acute customers are under considerable pressure from the labor shortage and the rising costs for these skills. While we're not immune to the same challenges, our scale, financial strength, partnerships, leverage of A.I. and access to in-shore and offshore markets allow us to meet the needs of our clients in often compressed timeframes. During the quarter, we significantly increased our internal and offshore resources and therefore decreased the lag time from contract execution to service go live. And this investment will enable us to better meet our customers' short and long-term needs as the labor crisis likely continues for the foreseeable future." (*Christopher L. Fowler, President, CEO, & Director 8/02/22*)

REVENUE CYCLE MANAGEMENT SECTOR REVIEW

Representative M&A Transactions in RCM⁽¹⁷⁾

Date	Target	Acquiror	Enterprise Value (\$mm)	EV /	
				Revenue	EBITDA
Announced	Change Healthcare Inc.	Optum, Inc.	\$13,404.0	4.0x	13.3x
6/8/2022	Cerner Corporation	Oracle Corporation (NYSE:ORCL)	29,313.3	5.1x	19.5x
12/17/2021	TransUnion Healthcare, Inc.	FinThrive, Inc. (f.k.a. nThrive)	1,705.9	9.3x	21.3x
12/21/2020	e-MDs, Inc.	CompuGROUP Holding USA, Inc.	240.0	2.7x	18.2x
10/30/2020	Emergency Medical Services Business of R1 RCM (NasdaqGS:RCM)	Sarnova, Inc.	135.0	2.1x	10.8x
5/8/2018	Intermedix Corporation	R1 RCM Inc. (NasdaqGS:RCM)	460.0	2.4x	9.6x
4/1/2018	ABILITY Network Inc.	Inovalon Holdings, Inc.	1,180.6	8.7x	16.9x

Select Transaction Notes

Target	Acquiror	Notes
		<ul style="list-style-type: none"> Change Healthcare expands Optum's portfolio of comprehensive clinical expertise, operational performance, and modern analytics solutions As part of the transaction, Change Healthcare's claims editing business, ClaimsXten, will be sold to private equity firm TPG Capital
		<ul style="list-style-type: none"> Cerner's capacity to address industry-wide EHR issues and transform healthcare delivery is expanded due to the increased resources from operating as a subsidiary of Oracle Cerner will substantially support Oracle's long-term growth in the healthcare industry
		<ul style="list-style-type: none"> TransUnion provides FinThrive powerful healthcare data and analytics capabilities, expanding FinThrive's software to enable its clients a more comprehensive and accurate view of financial performance The transaction provides FinThrive access to TransUnion's 1,850 hospital and 650,000 physician relationships
		<ul style="list-style-type: none"> e-MDs significantly broadens CompuGROUP's position in the Ambulatory Information System market as well as strengthens its international market position The acquisition expands CompuGROUP's sales network by over 100 partners as well as increases the installed customer base to more than 60,000 providers across 70 disciplines
		<ul style="list-style-type: none"> Sarnova's combination of the Emergency Medical Services business of R1 RCM with Digitech substantially increases the combined company's scale and provider base, creating the leading provider of RCM solutions for emergency medical services professionals Pamlico Capital will retain a significant interest in the combined company, and seeks to work with Sarnova to increase the combined company's presence in the emergency medical services industry
		<ul style="list-style-type: none"> Intermedix enhances R1's position as a leading technology-enabled RCM provider due to the increased breadth and depth of the integrated RCM capabilities of Intermedix The acquisition of Intermedix increases R1's customer base by more than 15,000 individual healthcare providers, with the combined company managing \$28 billion of annual NPR
		<ul style="list-style-type: none"> ABILITY Networks expands Inovalon's service offerings, creating a vertically-integrated value-based care enablement company The acquisition of ABILITY Networks enhances Inovalon's data assets, expanding efficiencies gained through connectivity, and will increase the overall reach of the company

REVENUE CYCLE MANAGEMENT SECTOR REVIEW

FinThrive Case Study: Building a RCM Platform Through M&A

- On December 17, 2021, FinThrive, Inc. ("FinThrive"), a healthcare RCM software-as-a-service platform provider (formerly known as nThrive), backed by Clearlake Capital Group, L.P. ("Clearlake"), announced it completed the acquisition of TransUnion Healthcare, Inc., the healthcare data and analytics business of TransUnion (NYSE: TRU)
- The unified business will offer healthcare organizations end-to-end RCM technology solutions, streamlining patient access for better patient and financial outcomes and empowering customers with increased predictability
- "By offering our integrated solutions under one brand umbrella, we can provide healthcare organizations with a more predictable and accurate view of their financial performance while meaningfully improving the patient experience" – Hemant Goel, CEO of FinThrive
- On August 4, 2022, FinThrive announced it signed a definitive agreement to acquire Pelitas, a provider of healthcare patient access, digital patient intake, and front-end RCM software solutions. Financial terms were not disclosed
- The acquisition will add to FinThrive's portfolio; customers will benefit from a newly formed and comprehensive end-to-end RCM technology platform, resulting in increased confidence and predictability in payment optimization

M&A Financial Terms at Close⁽¹⁷⁾

Target	Enterprise Value	2021E Revenue	EBITDA Multiple
TransUnion Healthcare	\$1,705.9mm	\$184.8mm	21.3x 2021E Adj. EBITDA
Pelitas	Not Disclosed	Not Disclosed	Not Disclosed

Overview of FinThrive

- On January 28, 2021, Clearlake Capital Group completed the acquisition of nThrive's Technology Division
- "Clearlake will bring fresh capital and perspectives from their experience working with other high-performance SaaS companies. Through both organic and inorganic growth strategies, I believe this partnership will help position FinThrive Technology as a market leader in the revenue cycle technology space" – Sloan Clardy, CEO of FinThrive
- FinThrive provides healthcare RCM SaaS solutions, and its end-to-end software platform which helps healthcare organizations increase revenue, reduce costs, expand cash collections, and ensure regulatory compliance across the entire revenue cycle continuum
- The company offers solutions to more than 900 hospitals and health systems in North America, including 37 of the 40 largest healthcare providers in the U.S.



Overview of TransUnion Healthcare

- TransUnion Healthcare, Inc. leverages comprehensive data, insights, and industry expertise such as utilizing its front-end capabilities and Social Determinants of Health data and Insurance Discovery capabilities to engage patients early, ensure earned revenue gets paid, and optimize payment strategies
- TransUnion Healthcare helps over 1,850 hospitals and 650,000 physicians collectively recover more than \$1.2 billion annually in revenue



Overview of Pelitas

- Pelitas provides technology solutions to help hospitals, physician practices, and specialty groups improve patient experience, maximize revenue, and eliminate inefficiencies throughout the revenue cycle
- Awarded Best in KLAS in 2019, 2020, and 2022, its Integrated Patient Access Solution® (iPAS®) is designed to financially clear patients at the first point of contact by improving the accuracy of registrations, increasing point-of-service payments, and reducing denials



REVENUE CYCLE MANAGEMENT SECTOR REVIEW

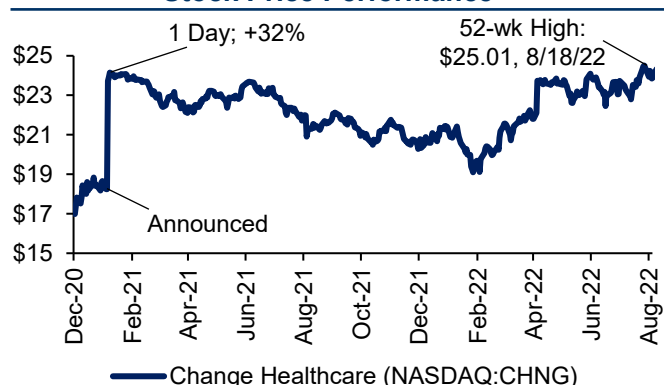
Optum to Acquire Change Healthcare

- On January 6, 2021, Optum, a health services company and a subsidiary of UnitedHealth Group (NYSE:UNH), announced the acquisition of Change Healthcare (NASDAQ:CHNG), a healthcare technology provider of RCM, payment management, and health information exchange solutions
- The transaction provides the combined capabilities to connect and simplify core clinical, administrative, and payment processes. Change Healthcare's RCM, patient cost transparency, deep industry analytics, and expert consulting services expand Optum's portfolio of comprehensive clinical expertise, operational performance, and modern analytics solutions which results in better health outcomes for both patients and providers
- "Together we will help streamline and inform the vital clinical, administrative, and payment processes on which health care providers and payers depend to serve patients" – Andrew Witty, President of UnitedHealth Group and CEO of Optum
- Upon closing, Mr. de Crescenzo will serve as OptumInsight's Chief Executive Officer, leading the combined organization

M&A Financial Terms at Announcement⁽¹⁷⁾

Enterprise Value	\$13,404.0mm
EV / NTM EBITDA Multiple	13.3x NTM Adj. EBITDA

Stock Price Performance⁽¹⁷⁾



Transaction News

- On February 24, 2022, the DOJ elected to sue to block the transaction, alleging in the complaint that the transaction would give UnitedHealth Group, the parent company of the country's largest commercial insurer, UnitedHealthcare, access to a treasure trove of data on its competitors' sensitive information. Claiming it could be used to give the parent company an unfair advantage and would eliminate its only major rival in first-pass claims editing technology
- In April 2022, Optum and Change Healthcare extended their purchase agreement through the end of 2022
- In an attempt to quell the DOJ's concerns, Optum announced contingent plans to divest Change Healthcare's claims-editing business, ClaimsXten, to private equity firm TPG Capital for \$2.2 billion in cash
- On September 19, 2022, a federal judge ruled against the DOJ's request to block the transaction, paving the way for the two companies to close the transaction and begin integration

Overview of Optum

- Optum, Inc. operates as a subsidiary of UnitedHealth Group. The company offers healthcare services such as data and analytics, pharmacy care services, care and clinical management, claims editing services, health care delivery services, actuarial consulting, and advisory services
- The company serves government, health planners, pharmacies, care providers and health systems, hospitals, and life science companies. Optum, Inc. was founded in 2009 and is based in Eden Prairie, Minnesota

Overview of Change Healthcare

- Change Healthcare Inc. is an independent healthcare technology company that provides RCM, data analytics, imaging solutions, artificial intelligence capabilities and patient engagement solutions for providers and payers
- The company serves commercial insurers, private insurers, Medicare / Medicaid plans, hospitals and health systems, and other healthcare providers. Change Healthcare Inc. was incorporated in 2016 and is headquartered in Nashville, Tennessee



REVENUE CYCLE MANAGEMENT SECTOR REVIEW

Platform Profile: Revecore Technologies (GrowthCurve Capital)

Revecore Technologies (“Revecore”)

- Revecore is a provider of revenue integrity solutions for underpayments and denial prevention and complex claims reimbursement solutions for automotive accidents, workers’ compensation, and Veterans Affairs claims
- Revecore serves nearly 1,200 hospitals across the U.S.
- Revecore was founded in 1999 and is headquartered in Franklin, TN

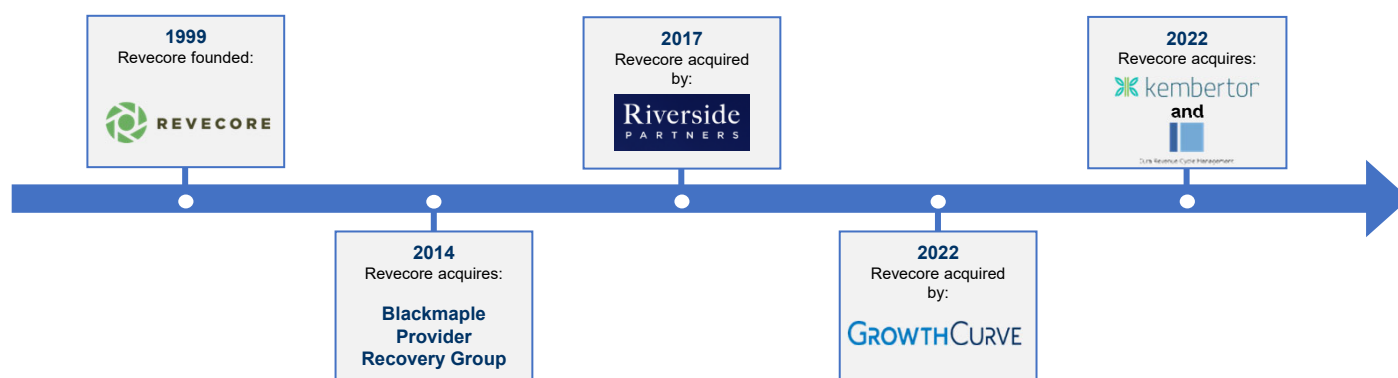


GrowthCurve Capital (“GrowthCurve”)

- GrowthCurve is a private equity firm focused on control-oriented investments in the financial and information services, healthcare, and technology sectors with a focus on A.I., digital transformation, and human capital
- GrowthCurve raised ~\$380 million for its GrowthCurve Capital Partners I fund, has invested in three platforms, and is headquartered in New York, NY



Private Equity and M&A History



Platform Profile: Aspirion Health Resources (Linden Capital Partners)

Aspirion Health Resources (“Aspirion”)

- Aspirion provides a broad array of technology-driven RCM solutions, focusing on aging accounts receivables, automotive accidents, workers’ compensation claims, and out-of-state Medicaid
- Aspirion’s product suite is centered on complex claims and revenue integrity
- The company was founded in 2006 and is headquartered in Columbus, GA

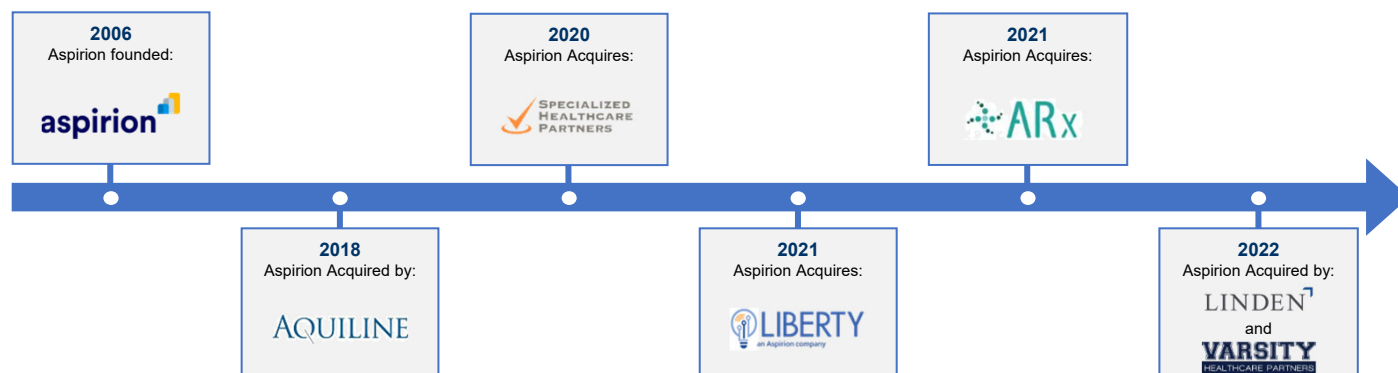


Linden Capital Partners (“Linden”)

- Linden is a private equity firm that focuses its investments in the healthcare industry
- The company has raised over \$6.0 billion since inception, deployed into 42 investments
- The firm was founded in 2004 and is headquartered in Chicago, IL



Private Equity and M&A History



REVENUE CYCLE MANAGEMENT SECTOR REVIEW

Select Private Equity RCM Platforms

In addition to strategic M&A activity, private equity firms have also invested in RCM companies as they continue to grow and gain critical scale. The following are examples of private equity owned platforms:

Financial Sponsor	Portfolio Company	Business Description
		Provides claims revenue solutions services including, worker's compensation RCM services and collection of workers' compensation underpayments for hospitals and health providers. EnableComp is the product of a merger between EnableComp and Argos Health. Argos Health was acquired by WCAS from NaviMed Capital in September 2021
		Provides patient-to-payment healthcare solutions that solve problems across the entire revenue cycle and an end-to-end revenue cycle analytics solution which utilizes robotic automation technology. FinThrive was formed from a carve-out of nThrive's technology business and acquired by Clearlake Capital Group in January 2021
		Provides high-performance business solutions for physician practices, hospitals, and health systems. The company focuses its services on anesthesia, emergency medicine, and hospital medicine. Ventra is the product of the combination of Abeo, DuvaSawko, and Gottlieb that took place in August of 2021
		Provides revenue cycle outsourcing solutions to the ambulatory surgery center market by utilizing a combination of ASC expertise, analytics, insightful advice, highly skilled and experienced revenue cycle experts. National Medical Billing Services received venture funding from Aquiline Capital Partners in February 2021
		Provides RCM, finance, accounts payable, insurance contracting and credentialing, and other office management services to hundreds of skilled nursing facilities and other healthcare providers nationwide. LTC Consulting Services was acquired by Clearview Capital in August 2021
		Provides outsourced medical billing and RCM solutions to healthcare practices and facilities in the U.S. and internationally. Coronis Health was acquired from 424 Capital in August 2022
		Provides RCM services for complex claims and revenue integrity, offering a broad array of technology-driven solutions by leveraging its unique data access and proprietary platforms to automate claims processing workflows, improve claims processing times, and increase collections for its hospital and physician customers. Aspirion was acquired from Aquiline Capital Partners in August 2022
		Provides technology-enabled RCM solutions for health systems, including hospitals and affiliated physician groups. Ensemble was acquired from Golden Gate Capital in March 2022
		Provides medical billing automation software and RCM applications to hospital-based specialties by utilizing its end-to-end software platform built to automate every aspect of the RCM process. Imagine Software was acquired from MountainGate Capital in November 2021

REVENUE CYCLE MANAGEMENT SECTOR REVIEW

Select Private Equity RCM Platforms (cont'd)

Financial Sponsor	Portfolio Company	Business Description
		Provides revenue integrity solutions for underpayments and denial prevention and complex claims reimbursement solutions for motor vehicle accident, workers' compensation, and Veterans Affairs claims. Revecore was acquired from Riverside Partners in April 2022
		Provides digital provider engagement, clearinghouse, and revenue cycle technology solutions that connects hospitals and physicians with health plans. Availity was acquired from Francisco Partners in July 2021
		Provider of electronic medical records ("EMR"), RCM, and related solutions for physicians / ambulatory practices and hospitals. Athenahealth was acquired from Veritas Capital in February 2022
		Provider of cloud-based software and comprehensive data management solutions for risk adjustment and quality-based revenue programs. Centauri Health Solutions received an investment from Abry Partners in January 2020
		Provider of specialized RCM technology, focusing on the most complex revenue cycle challenges with in-depth, state-specific knowledge and coast-to-coast coverage. Elevate received an investment from Frazer Healthcare Partners and The Edgewater Funds in October 2019
		Provider of RCM services to the healthcare industry, including accounts receivable management and collection services. Receivable Solutions received an investment from WestView Capital Partners in October 2019
		Provider of accounts receivable management, litigation management, disaster recovery, asset identification, and primary and secondary contingency collection activities. Harris & Harris received an investment from Clarion Capital Partners in September 2019
		Provider of RCM services, including eligibility and benefits verification, medical coding, denial management, and AR follow up. AGS Health was acquired from Altaris Capital Partners in April 2019
		Provider of technology and A.I. driven RCM solutions, including conversion assistance, collection, consulting, claim denial, coding, eligibility, and patient access services. Meduit was formed via the combination of Receivables Management Partners and Med A/Rx by NexPhase Capital in March 2017
		Provider of healthcare business process outsourcing and RCM services and technologies to hospitals, including billing and collections, third-party collection services, and consulting services. GetixHealth received an investment from Trivest Partners in March 2015

REVENUE CYCLE MANAGEMENT SECTOR REVIEW

Select 2021-2022 RCM M&A Transactions

In addition to the strategic M&A activity and private equity platforms highlighted previously in this report, we have included a representative sample of other notable transactions that occurred in 2021 and 2022

Date	Target	Acquiror	Date	Target	Acquiror
Announced	 ENSEMBLE [®] HEALTH PARTNERS <small>GOLDEN GATE CAPITAL</small>	 WARBURG PINCUS Berkshire Partners	May 2022	 AERGO SOLUTIONS <small>NORTHSTAR CAPITAL</small>	 CorroHealth CARLYLE
Announced	 CHANGE HEALTHCARE	 OPTUM [®] <small>UNITEDHEALTH GROUP</small>	May 2022	 PARAREV <small>HOUSATONIC</small>	 CorroHealth CARLYLE
August 2022	 MiraMed	 CORONIS HEALTH <small>VERITAS CAPITAL</small>	May 2022	 Medi-Corp	 National Medical Billing Services AQUILINE
August 2022	 kemberton LLR Partners	 REVECORE <small>GROWTHCURVE Riverside PARTNERS</small>	April 2022	 REVECORE <small>Riverside PARTNERS</small>	 GROWTHCURVE
August 2022	 Cura Revenue Cycle Management	 REVECORE <small>GROWTHCURVE Riverside PARTNERS</small>	March 2022	 ARx	 aspiron AQUILINE
August 2022	 aspiron AQUILINE	 LINDEN ⁷ VARSITY HEALTHCARE PARTNERS	March 2022	 HRG <small>HEALTHCARE RESOURCE GROUP, INC.</small>	 cpsi [®]
June 2022	 cloudmed	 R1 [®]	February 2022	 F2 HEALTHCARE	 meduit <small>NexPhase CAPITAL</small>
June 2022	 Cerner	 ORACLE	February 2022	 NBP <small>National Billing Partners</small>	 National Medical Billing Services AQUILINE
June 2022	 MARSI <small>MEDICAL AUDIT RESOURCE SERVICES INC.</small>	 HMA <small>HEALTH MANAGEMENT ASSOCIATES</small>	February 2022	 athenahealth <small>VERITAS CAPITAL</small>	 BainCapital PRIVATE EQUITY H&F

REVENUE CYCLE MANAGEMENT SECTOR REVIEW

Select 2021-2022 RCM M&A Transactions (cont'd)

Date	Target	Acquiror	Date	Target	Acquiror
January 2022	 SilverCreek RCM	 PayrHealth  OSCEOLA CAPITAL MANAGEMENT	July 2021	 COMPUTERIZED management SERVICES, INC.	 XIFIN [®] AVISTA CAPITAL PARTNERS
December 2021	 enablecomp complex claims revenue solutions	 argos health WCAS	June 2021	 DECO	 ELEVATE PATIENT FINANCIAL SOLUTIONS FRAZIER HEALTHCARE PARTNERS the edgewater funds
December 2021	 OmniSYS NexPhase	 XIFIN [®] AVISTA CAPITAL PARTNERS	April 2021	 REVENUE GUARD Your Experts in Ambulance Billing and Financial Management	 CORONIS HEALTH VERITAS CAPITAL
December 2021	 Raintree SYSTEMS	 Serent CAPITAL	April 2021	 H&Raccounts	 meduit NexPhase
October 2021	AdvantEdge	 healthPRIME GP BT CAPITAL	April 2021	 hms [®]	 gainwell VERITAS CAPITAL
October 2021	 mediStreams	 TTCP	March 2021	 ARMC Financial Services, LLC	 REVCO SOLUTIONS LONGSHORE CAPITAL PARTNERS
August 2021	 LTC Ally	 CLEARVIEW CAPITAL	February 2021	 RevClaims	 MedData FRAZIER HEALTHCARE PARTNERS the edgewater funds
July 2021	 ZULUHEALTH	 Surgical Notes capstreet	February 2021	 National Medical Billing Services	 AQUILINE
July 2021	 MCRC Group Managed Care Revenue Consulting Group LLC	 cloudmed	January 2021	 FinThrive	 CLEARLAKE

REVENUE CYCLE MANAGEMENT SECTOR REVIEW

Relevant DSP RCM Transactions



DECO Recovery Management ("DECO") offers a full suite of eligibility management services to hospitals across the Mid-Atlantic and Southeastern regions of the U.S. Founded in 1993 and headquartered in Landover, MD, DECO focuses on an empathetic patient-advocacy approach to eligibility services and provides hospitals with a targeted revenue solution. DECO's mission is to maximize reimbursement to its hospital clients by leveraging innovative technology, efficient processes and compassionate patient advocates to streamline revenue reimbursement and improve patient satisfaction. DSP served as exclusive financial advisor to DECO, managed a competitive process with both strategic and financial buyers, and negotiated the terms of the sale to Elevate Patient Financial Solutions, a portfolio company of Frazier Healthcare Partners and The Edgewater Funds.



Alegis Revenue Group ("Alegis") specializes in revenue recovery on accounts that require heightened expertise, labor, and capital. Alegis' services include third party eligibility, third-party liability, and account resolution and appeals. Founded in 2008 and headquartered in Woodlands, TX, Alegis is focused on helping clients navigate the complex, and constantly evolving, federal and state regulatory environments in order to maximize revenue. DSP partnered with Alegis to assess, evaluate and explore strategic alternatives, and ultimately served as exclusive financial advisor to Alegis, managed a competitive process with both strategic and financial buyers, and negotiated the terms of the sale to MedData, Inc., a subsidiary of MEDNAX (NYSE:MD). MedData was later divested from MEDNAX (NYSE:MD).

Relevant DSP Healthcare Transaction Experience

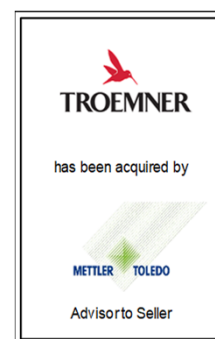
Outsourced Pharmaceutical Services



Healthcare Services









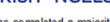



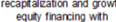
Life Science Tools



REVENUE CYCLE MANAGEMENT SECTOR REVIEW

Delancey Street Partners: Transaction Experience

Business Services & Technology

 has been acquired by  a portfolio company of  Advisor to Seller	 has been acquired by  Advisor to Seller	 has completed growth equity financing with  Advisor to GLOBO	 has been acquired by  Advisor to Seller
 a portfolio company of  has completed a majority growth recapitalization with  Advisor to RIVS	 has been acquired by  a portfolio company of  Advisor to Seller	 has completed a majority recapitalization and growth equity financing with  Advisor to Seller	 has been acquired by  Advisor to Seller

Healthcare

 has received an investment from  Advisor to Herspiegel	 has acquired  Advisor to Buyer	 has been acquired by  a portfolio company of  and  Advisor to Seller	 has received an investment from  Advisor to Deerfield
 has merged with  a portfolio company of  Advisor to Pyxa	 has completed a majority recapitalization with  Advisor to Emmes	 has been acquired by  a portfolio company of  Advisor to Seller	 has been acquired by  Advisor to Seller

Industrial & Industrial Technology

 a portfolio company of  has been acquired by  Advisor to Seller	 a portfolio company of  has completed a senior debt financing with  Advisor to FST Technical Services	 has divested Seven D - Southern Division to  Advisor to Seller	 has completed a senior debt financing with  Advisor to Crystal Steel Fabricators Inc.
 a portfolio company of  has been acquired by  Advisor to Seller	 Majority Recapitalization with  Special Advisor to Company	 has been acquired by  Advisor to Seller	 has divested  to  Advisor to Seller Fairness Opinion

Infrastructure

 has been acquired by  a portfolio company of  Advisor to Seller	 a portfolio company of  has been acquired by an entity formed by  Advisor to Seller	 a portfolio company of  and  has been acquired by  Advisor to Seller	 has been acquired by  Advisor to Seller
 has completed a debt recapitalization with  Advisor to Easton Coach Company	 has completed a debt recapitalization with  Advisor to Easton Coach Company	 has been acquired by  Advisor to Seller	 has divested certain assets of  to  Advisor to Seller

Delancey Street Partners

Delancey Street Partners is an independent, industry-focused investment bank. We serve CEOs, Entrepreneurs, Shareholders and Boards of Directors of high growth and middle market private and public companies. Our services include strategic advisory, capital raising and independent board advice. We advise on sell-side and buy-side M&A, growth capital financings and recapitalizations. Our focus sectors include Healthcare, Business Services & Technology, Industrial & Industrial Technology, and Infrastructure.

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All other transactions effectuated through Delancey Street Partners, LLC

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