



# Industry Insights

Healthcare Services Sector Update

Early Summer 2022

## Highlights

The **S&P Healthcare Services** Index decreased by 0.9% over the last month, compared to the S&P 500 Index, which exhibited no change over the same period.

Over the past month:

The sectors that experienced the largest increase were Home Medical Equipment (up 38.3%), Behavioral Health (up 5.7%) and Distribution (up 4.3%).

The sectors that experienced the largest decline were Assisted/Independent Living (down 9.4%), Care Management/TPA (down 6.5%), and Dialysis Services (down 5.8%).

The current average Last Twelve Months (LTM) revenue and LTM EBITDA multiples for the healthcare services industry overall are 2.61x and 14.8x, respectively.

### The Sectors with the Highest Valuation Multiples

-  Assisted/Independent Living (2.21x LTM revenue, 32.1x LTM EBITDA)
-  Consumer Directed Health/Wellness (4.41x LTM revenue, 27.1x LTM EBITDA)
-  HCIT (3.37x LTM revenue, 23.7x LTM EBITDA)
-  Hospital Vendors (1.43x LTM revenue, 20.5x LTM EBITDA)

# Healthcare Services Sector Update .o

Market Sector	No. of Companies	Equity Mkt. Value (\$mn)	Average % Change		LTM Multiples		Earnings Ratio		PEG Ratio 2022E
			1 mo	12 mo	Rev	EBITDA	LTM	2022E	
<b>Providers</b>									
Acute Care Hospitals	4	\$79,085	(2.5%)	(5.0%)	1.28x	7.7x	7.6x	9.3x	0.9x
Assisted/Independent Living	3	1,281	(9.4%)	(21.4%)	2.21x	32.1x	0.3x	NM	NM
Behavioral Health	3	13,783	5.7%	(17.8%)	NM	15.5x	26.8x	23.6x	2.3x
Dialysis Services	2	27,029	(5.8%)	(22.5%)	1.77x	10.4x	11.5x	12.5x	1.2x
Healthcare Staffing	2	5,008	(1.5%)	9.7%	0.76x	5.7x	7.7x	6.5x	0.3x
Home Health/Hospice	9	26,073	(1.1%)	(4.6%)	1.84x	19.2x	27.5x	23.1x	2.4x
Rehabilitation	5	11,821	0.0%	(28.3%)	2.35x	17.2x	21.9x	20.2x	1.1x
Skilled Nursing	2	5,546	1.5%	(2.7%)	1.53x	16.3x	15.9x	19.9x	1.3x
Providers – Other	8	23,199	2.6%	(31.4%)	4.19x	17.6x	11.7x	10.0x	0.4x
<b>Payors/Managed Care</b>									
Commercial Managed Care	5	\$734,409	(0.1%)	18.3%	1.83x	14.6x	20.8x	17.7x	1.3x
Government Managed Care	3	66,661	(0.8%)	9.8%	0.79x	11.6x	28.4x	15.8x	1.1x
Specialty Managed Care	1	9,556	(2.9%)	9.6%	1.03x	9.8x	17.0x	13.9x	0.8x
<b>Consumer Directed Health/Wellness</b>	<b>5</b>	<b>\$8,726</b>	<b>1.9%</b>	<b>(23.2%)</b>	<b>4.41x</b>	<b>27.1x</b>	<b>18.6x</b>	<b>33.8x</b>	<b>3.6x</b>
<b>Telemedicine</b>	<b>7</b>	<b>\$8,272</b>	<b>2.3%</b>	<b>(70.9%)</b>	<b>1.59x</b>	<b>NM</b>	<b>28.4x</b>	<b>24.4x</b>	<b>NM</b>
<b>HCIT</b>	<b>30</b>	<b>\$83,714</b>	<b>(2.5%)</b>	<b>(2.0%)</b>	<b>3.37x</b>	<b>23.7x</b>	<b>29.2x</b>	<b>39.3x</b>	<b>3.1x</b>
<b>Other Outsourced Services</b>									
Care Management/Third-Party Administrator	6	\$7,507	(6.5%)	(14.5%)	1.20x	11.3x	23.5x	15.6x	NM
Clinical Laboratories	10	62,001	2.6%	(7.1%)	2.73x	9.5x	16.2x	14.8x	(0.6x)
Contract Research Organizations	4	78,407	(1.3%)	(11.6%)	3.32x	18.5x	33.1x	18.7x	1.2x
Hospital Vendors	3	6,010	0.7%	(37.6%)	1.43x	20.5x	30.0x	43.5x	3.1x
<b>Product</b>									
Distribution	7	\$115,523	4.3%	39.2%	0.63x	11.9x	23.0x	13.8x	1.9x
Home Medical Equipment	4	\$2,867	38.3%	(30.3%)	1.59x	10.1x	23.3x	15.5x	NM
<b>Healthcare REITS</b>	<b>14</b>	<b>\$108,195</b>	<b>3.0%</b>	<b>4.0%</b>	<b>11.84x</b>	<b>19.6x</b>	<b>19.5x</b>	<b>37.8x</b>	<b>NM</b>

Source: S&P Global Market Intelligence as of May 31, 2022, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

# Healthcare Services Sector Update

Market Indices	Value at	% Change			
	5/31/2022	1 mo	YTD	12 mo	36 mo
S&P 500	4,132.1	0.0%	(13.3%)	(1.7%)	50.1%
NASDAQ Composite Index	12,081.4	(2.1%)	(22.8%)	(12.1%)	62.1%
Russell 2000 Index	1,864.0	(0.0%)	(17.0%)	(17.8%)	27.2%
S&P Composite 1500 Health Care Facilities (Sub Ind)	481.5	(2.0%)	(14.1%)	(9.4%)	59.9%
S&P Composite 1500 Health Care Providers & Services (Industry)	1,551.4	0.1%	(0.7%)	12.3%	84.5%
S&P Composite 1500 Managed Health Care (Sub Ind)	2,949.4	(1.3%)	0.4%	18.3%	92.2%
<b>S&amp;P Health Care Services Select Industry Index</b>	<b>13,179.2</b>	<b>(0.9%)</b>	<b>(18.4%)</b>	<b>(23.2%)</b>	<b>42.4%</b>

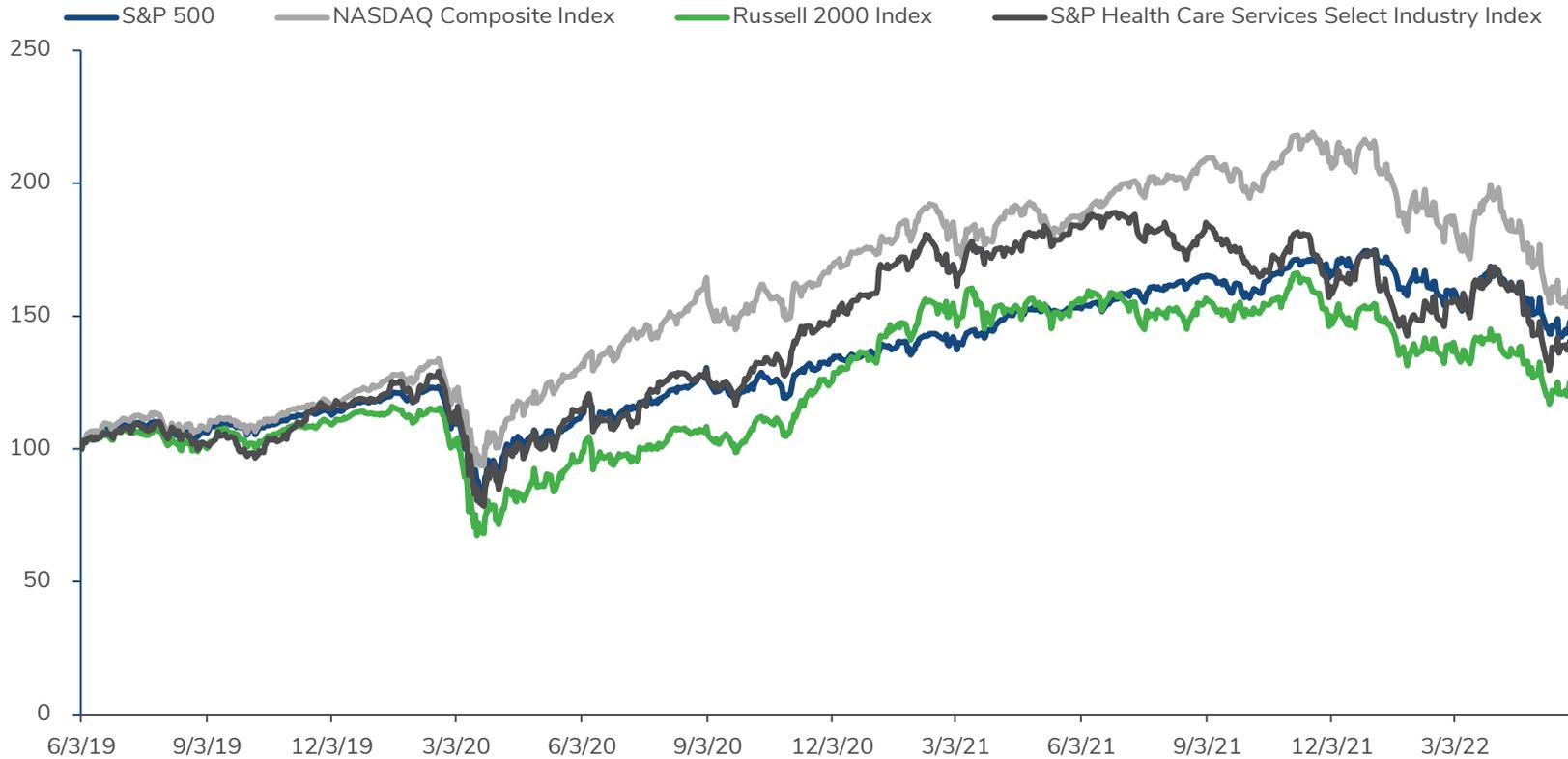
Interest Rates	Value at 5/31/2022	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 6 months	2.11%	1.91%	0.76%	0.17%
U.S. Treasury - 2 years	2.53%	2.70%	1.31%	0.16%
U.S. Treasury - 5 years	2.81%	2.92%	1.55%	0.81%
U.S. Treasury - 10 years	2.84%	2.89%	1.71%	1.61%
U.S. Treasury - 30 years	3.06%	2.95%	2.11%	2.30%
U.S. Prime Rate	4.00%	3.50%	3.25%	3.25%

Capitalization Profile	No. of Co's	Ag. Equity Mkt. Value	% Total No. of Co's	% Ag. Mkt. Value	Average Stock Performance			
					1 mo	YTD	12 mo	36 mo
> \$5 billion	42	\$1,347,157	30.7%	90.7%	0.4%	(5.3%)	(0.8%)	56.6%
\$1 billion - \$5 billion	45	117,223	32.8%	7.9%	2.9%	(17.8%)	(23.4%)	98.8%
\$250 million - \$1 billion	30	17,982	21.9%	1.2%	(1.3%)	(33.0%)	(49.5%)	(8.4%)
\$100 million - \$250 million	9	1,707	6.6%	0.1%	(7.1%)	(31.9%)	(54.5%)	10.4%
< \$100 million	11	606	8.0%	0.0%	(4.7%)	(43.3%)	(57.1%)	(30.4%)
<b>Total/Average (\$mn)</b>	<b>137</b>	<b>\$1,484,676</b>	<b>100.0%</b>	<b>100.0%</b>	<b>(2.0%)</b>	<b>(26.3%)</b>	<b>(37.0%)</b>	<b>25.4%</b>

Source: S&P Global Market Intelligence as of May 31 2022, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

# Healthcare Services Market Performance

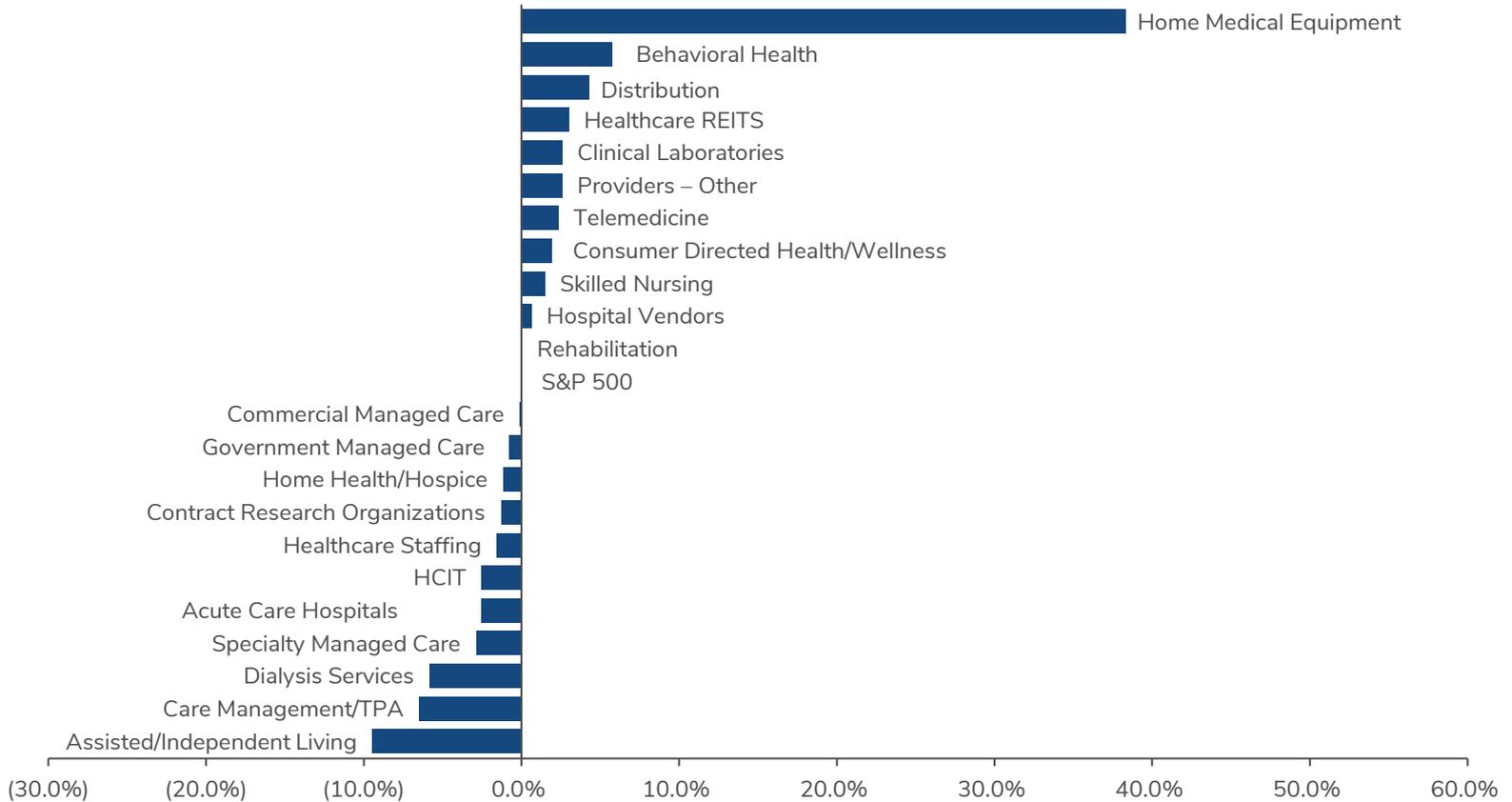
## Performance of Market Indices for Latest 36 Months



Source: S&P Global Market Intelligence.

# Healthcare Services Sector Change .o

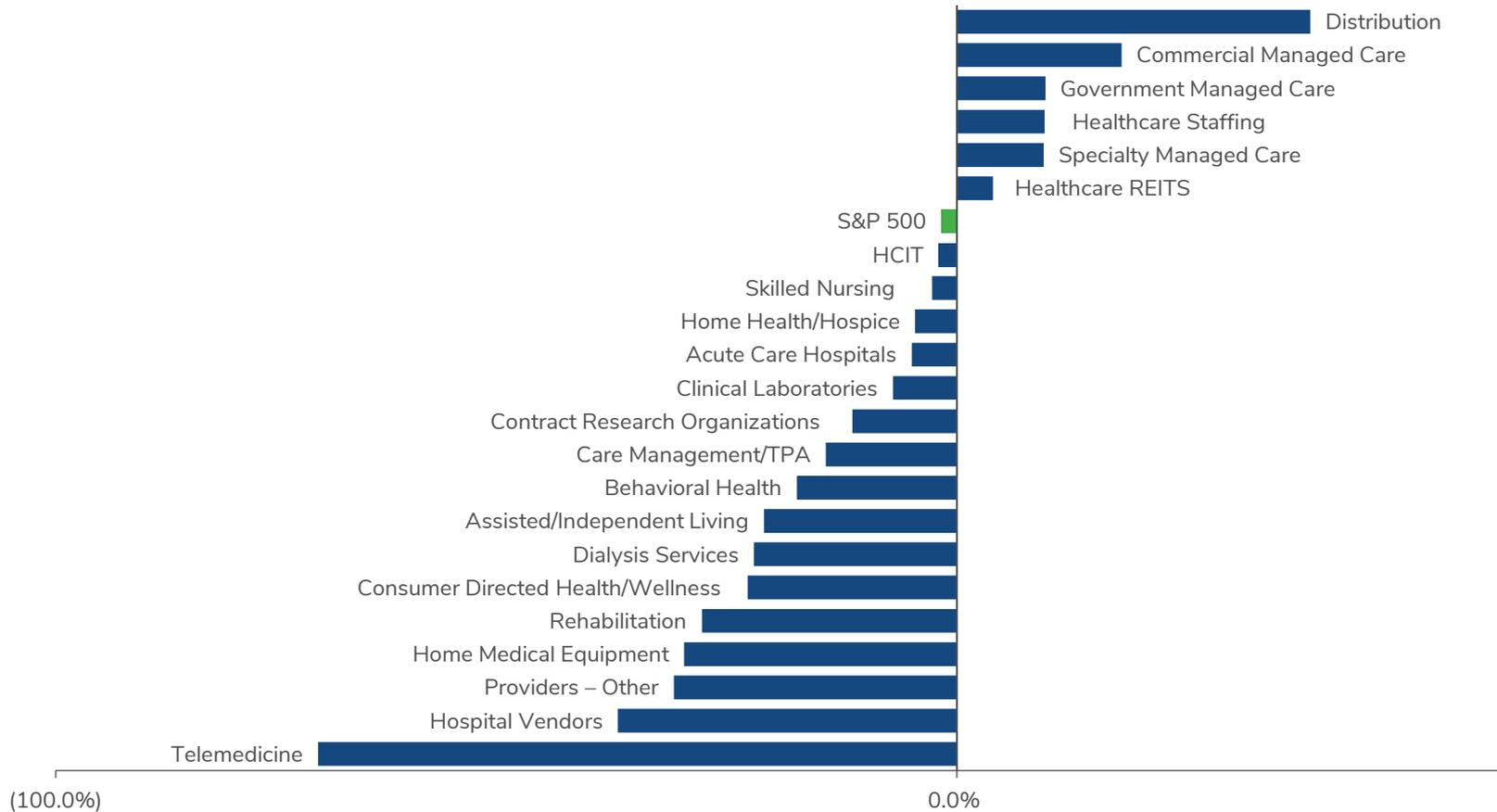
## Average % - 1 Month Change



Source: S&P Global Market Intelligence as of May 31, 2022, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

# Healthcare Services Sector Change

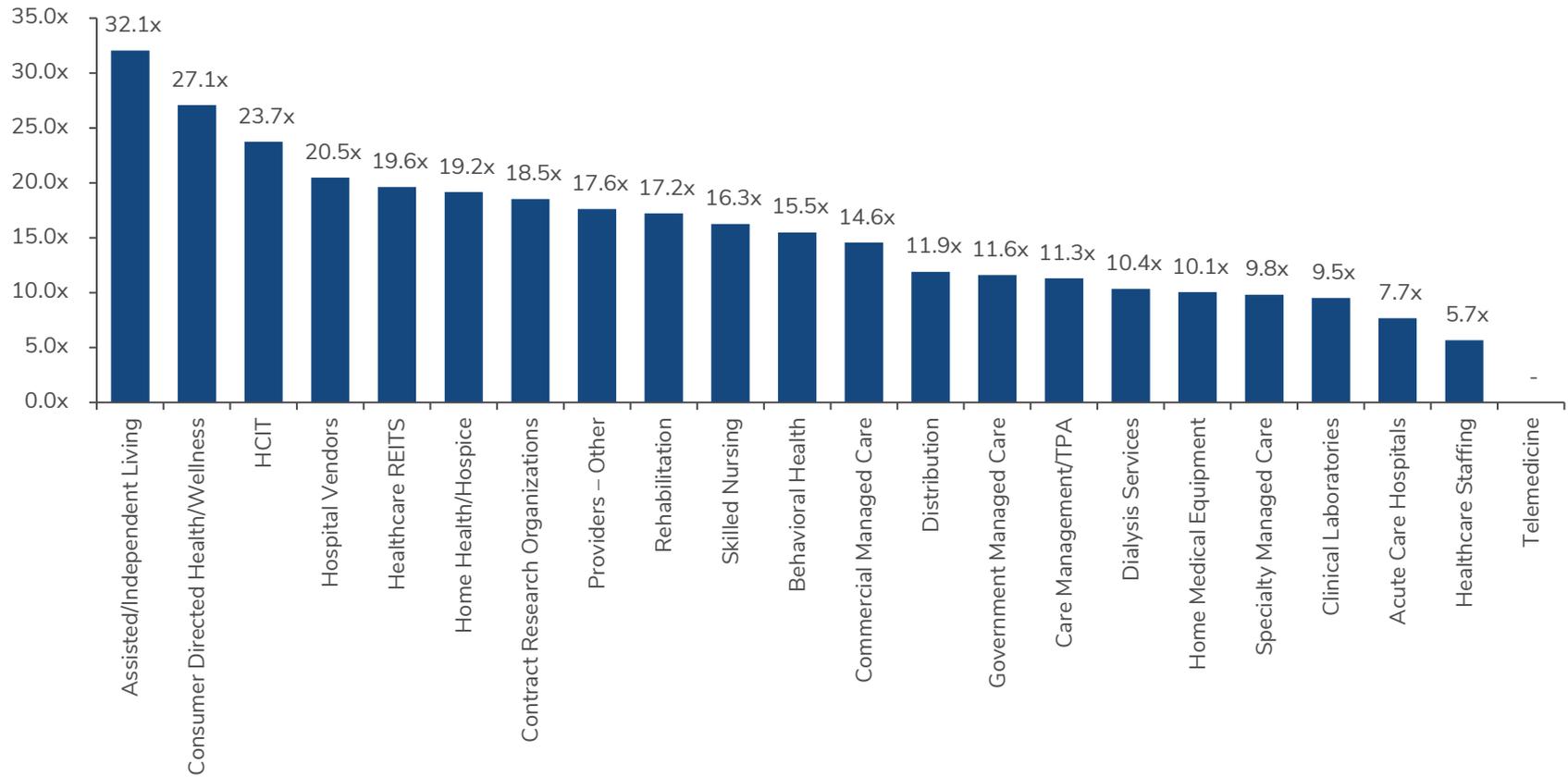
Average % - 12 Month Change



Source: S&P Global Market Intelligence as of May 31 2022, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

# Healthcare Services Multiples

## Overview of Subsector EV/LTM EBITDA



Source: S&P Global Market Intelligence as of May 31 2022, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

# Appendix | Selected Companies

## Acute Care Hospitals (4)

Community Health Systems, Inc. (NYSE:CYH), HCA Healthcare, Inc. (NYSE:HCA), Tenet Healthcare Corporation (NYSE:THC), Universal Health Services, Inc. (NYSE:UHS)

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## Assisted/Independent Living (3)

AlerisLife Inc. (NasdaqCM:ALR), Brookdale Senior Living Inc. (NYSE:BKD), Sonida Senior Living, Inc. (NYSE:SNDA)

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## Behavioral Health (3)

Acadia Healthcare Company, Inc. (NasdaqGS:ACHC), LifeStance Health Group, Inc. (NasdaqGS:LFST), Oak Street Health, Inc. (NYSE:OSH)

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## Dialysis Services (2)

DaVita Inc. (NYSE:DVA), Fresenius Medical Care AG & Co. KGaA (DB:FME)

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## Healthcare Staffing (2)

AMN Healthcare Services, Inc. (NYSE:AMN), Cross Country Healthcare, Inc. (NasdaqGS:CCRN)

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## Home Health/Hospice (9)

Addus HomeCare Corporation (NasdaqGS:ADUS), Amedisys, Inc. (NasdaqGS:AMED), Aveanna Healthcare Holdings Inc. (NasdaqGS:AVAH), Chemed Corporation (NYSE:CHE), InnovAge Holding Corp. (NasdaqGS:INNV), LHC Group, Inc. (NasdaqGS:LHCG), ModivCare Inc. (NasdaqGS:MODV), Option Care Health, Inc. (NasdaqGS:OPCH), Pennant Group, Inc. (NasdaqGS:PNTG)

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## Rehabilitation (5)

ATI Physical Therapy, Inc. (NYSE:ATIP), Encompass Health Corporation (NYSE:EHC), Select Medical Holdings Corporation (NYSE:SEM), The Joint Corp. (NasdaqCM:JYNT), U.S. Physical Therapy, Inc. (NYSE:USPH)

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## Skilled Nursing (2)

National HealthCare Corporation (NYSEAM:NHC), The Ensign Group, Inc. (NasdaqGS:ENSG)

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## Providers – Other (8)

1Life Healthcare, Inc. (NasdaqGS:ONEM), agilon health, inc. (NYSE:AGL), CareMax, Inc. (Nasdaq:CMAX), MEDNAX, Inc. (NYSE:MD), Nutex Health, Inc. (NasdaqCM:NUTX), The Oncology Institute, Inc. (Nasdaq:TOI), RadNet, Inc. (NasdaqGM:RDNT), Surgery Partners, Inc. (NasdaqGS:SGRY)

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## Commercial Managed Care (5)

Anthem, Inc. (NYSE:ANTM), Cigna Corporation (NYSE:CI), Humana Inc. (NYSE:HUM), Progyny, Inc. (NasdaqGS:PGNY), UnitedHealth Group Incorporated (NYSE:UNH)

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## Government Managed Care (3)

Alignment Healthcare, Inc. (NasdaqGS:ALHC), Centene Corporation (NYSE:CNC), Molina Healthcare, Inc. (NYSE:MOH)

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## Specialty Managed Care (1)

Assurant, Inc. (NYSE:AIZ)

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## Consumer Directed Health and Wellness (5)

Benefitfocus, Inc. (NasdaqGM:BNFT), HealthEquity, Inc. (NasdaqGS:HQY), Owlet, Inc. (NYSE:OWLT), Sharecare, Inc. (Nasdaq:SHCR), Tivity Health, Inc. (NasdaqGS:TVTY)

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# Appendix | Selected Companies

## Telemedicine (7)

American Well Corporation (NYSE:AMWL), Babylon Holdings Limited (NYSE:BBLN), DocGo Inc. (Nasdaq:DCGO), Medica Group Plc (LSE:MGP), Talkspace, Inc. (Nasdaq:TALK), Teladoc Health, Inc. (NYSE:TDOC), UpHealth, Inc. (NYSE:UPH)

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## HCIT (30)

Accolade, Inc. (NasdaqGS:ACCD), Allscripts Healthcare Solutions, Inc. (NasdaqGS:MDRX), CareCloud, Inc. (NasdaqGM:MTBC), Cerner Corporation (NasdaqGS:CERN), Certara, Inc. (NasdaqGS:CERT), Change Healthcare Inc. (NasdaqGS:CHNG), Computer Programs and Systems, Inc. (NasdaqGS:CPSI), Convey Health Solutions Holdings, Inc. (NYSE:CNVY), Craneware plc (AIM:CRW), Definitive Healthcare Corp. (NasdaqGS:DH), Doximity, Inc. (NYSE:DOCS), Evolent Health, Inc. (NYSE:EVH), GoodRx Holdings, Inc. (NasdaqGS:GDRX), Health Catalyst, Inc. (NasdaqGS:HCAT), Healthcare Triangle, Inc. (NasdaqCM:HCTI), HealthStream, Inc. (NasdaqGS:HSTM), NantHealth, Inc. (NasdaqGS:NH), National Research Corporation (NasdaqGS:NRC), NextGen Healthcare, Inc. (NASDAQ:NXGN), Omnicell, Inc. (NasdaqGS:OMCL), OptimizeRx Corporation (NASDAQ:OPRX), Pear Therapeutics, Inc. (Nasdaq:PEAR), Phreesia, Inc. (NYSE:PHR), Premier, Inc. (NasdaqGS:PINC), Privia Health Group, Inc. (NasdaqGS:PRVA), R1 RCM Inc. (NasdaqGS:RCM), Science 37 Holdings, Inc. (NasdaqGM:SNCE), Signify Health, Inc. (NYSE:SGFY), Streamline Health Solutions, Inc. (NasdaqCM:STRM), Tabula Rasa HealthCare, Inc. (NasdaqGM:TRHC)

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## Care Management/TPA (6)

CorVel Corporation (NasdaqGS:CRVL), Crawford & Company (NYSE:CRD.B), eHealth, Inc. (NasdaqGS:EHTH), Marpai, Inc. (NasdaqCM:MRAI), Maximus, Inc. (NYSE:MMS), P3 Health Partners Inc. (Nasdaq:PIII)

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## Clinical Laboratories (10)

23andMe Holding Co. (Nasdaq:ME), Biodesix, Inc. (NasdaqGM:BDSX), Fulgent Genetics, Inc. (NasdaqGM:FLGT), Invitae Corporation (NYSE:NVTA), Laboratory Corporation of America Holdings (NYSE:LH), Biora Therapeutics, Inc. (NasdaqGM:BIOR), Psychemedics Corporation (NasdaqCM:PMD), Quest Diagnostics Incorporated (NYSE:DGX), Sonic Healthcare Limited (ASX:SHL), Sotera Health Company (NasdaqGS:SHC)

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## Contract Research Organizations (4)

Charles River Laboratories International, Inc. (NYSE:CRL), ICON Public Limited Company (NasdaqGS:ICLR), Syneos Health, Inc. (NasdaqGS:SYNH), IQVIA Holdings Inc. (NYSE:IQV)

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## Hospital Vendors (3)

Healthcare Services Group, Inc. (NasdaqGS:HCSG), Sharps Compliance Corp. (NasdaqCM:SMED), Stericycle, Inc. (NasdaqGS:SRCL)

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## Distribution (7)

AdaptHealth Corp. (NasdaqCM:AHCO), AmerisourceBergen Corporation (NYSE:ABC), Cardinal Health, Inc. (NYSE:CAH), Henry Schein, Inc. (NasdaqGS:HSIC), McKesson Corporation (NYSE:MCK), Owens & Minor, Inc. (NYSE:OMI), Patterson Companies, Inc. (NasdaqGS:PDCO)

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## Home Medical Equipment (4)

AdaptHealth Corp. (NasdaqCM:AHCO), Great Elm Group, Inc. (NasdaqGS:GEG), Qipt Home Medical Corp. (TSXV:QIPT), Viamed Healthcare, Inc. (TSX:VMD)

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## Healthcare REITs (14)

Properties, Inc. (NYSE:LTC), Medical Properties Trust, Inc. (NYSE:MPW), National Health Investors, Inc. (NYSE:NHI), Omega Healthcare Investors, Inc. (NYSE:OHI), Physicians Realty Trust (NYSE:DOC), Sabra Health Care REIT, Inc. (NasdaqGS:SBRA), Diversified Healthcare Trust (NasdaqGS:DHC), Universal Health Realty Income Trust (NYSE:UHT), Ventas, Inc. (NYSE:VTR), Welltower Inc. (NYSE:WELL)

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For the detailed May trading multiples for individual healthcare services companies, please contact one of our professionals below.

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