

MERTZ · TAGGART

Infusion Therapy Market Overview

2024

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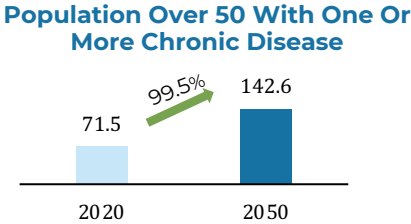
Industry Overview

The infusion therapy market is rapidly expanding, with an 8.6% CAGR projection through 2030. An aging population and a rise in chronic illness have increased demand for infusion therapy.

GROWTH THEMES

Chronic Illnesses On The Rise

Infusion therapy is primarily utilized to treat patients with chronic illness. According to the NIH, the number of people in the United States with at least one chronic disease is estimated to increase by 99.5% from 2020 to 2050.



Increasing Availability of IV Drugs For Use In Home

New advancements in the development of infusion therapies and drugs have increased their availability and led to an increased use.

550+ drugs in the market
280+ drugs in phase I/II development
~100



Source: Vizient, "Home Infusion Market Report"

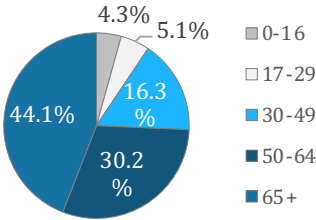
Shifting Population Dynamics Will Serve as a Tailwind

59.01 The mean patient age for infusion therapy.

↑ 24M

The increase in number of Americans over the age of 65 by 2040.

Infusion Patient Age Distribution



Source: National Home Infusion Foundation (NHIF)

Payor Dynamics

Payors are increasingly pressuring to reduce the overall cost burden on the healthcare system. This has led to a shift in the sites of care for IV therapies from higher cost sites such as hospitals to lower cost sites such as the patient's home.



Decreasing length of stay

Patients can now be discharged and safely transitioned to their homes much earlier with an effective home infusion service.

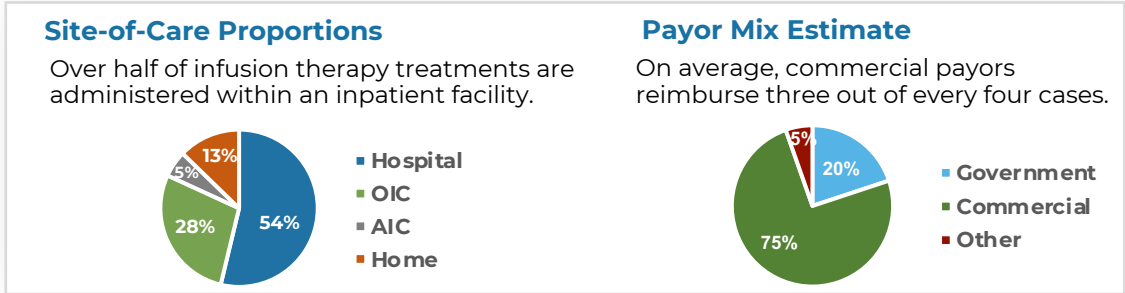
Decreasing rehospitalizations

Discharged patients with IV therapies at home receive robust clinical monitoring that reduces the risk of rehospitalization.

Industry Overview

The infusion therapy market is rapidly expanding, with an 8.6% CAGR projection through 2030. The demand growth has been driven by an aging population and a rise in chronic illness.

SITE-OF-CARE DETAIL



4 primary SOC's (Sites-of-care):

Hospital

Divisions within the hospital featuring multiple chairs per room.

Shift away from this segment due to cost structure.

Physician Office Infusion Center (OIC)

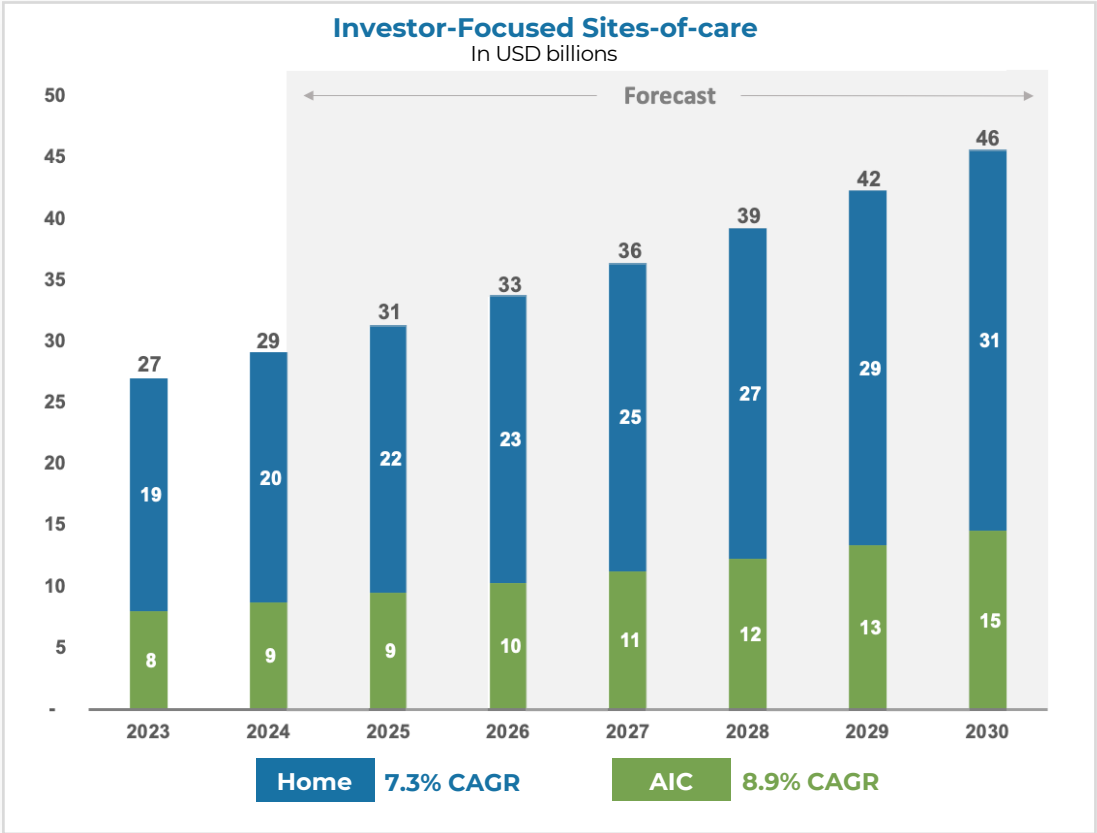
Administered in a suite within a physician's office owned and managed by the practice or a 3rd party.

Home

Nurses travel directly to the patient's home to administer treatment and monitor progress.

Ambulatory Infusion Center (AIC)

Highly skilled treatment center specializing in high quality infusion therapy.



Traditional Sites of Care: Hospital & Physician Office

Hospital

~\$80B Total Revenue

Utilization	Highest	Hospitals were the first site of care to offer infusion therapy and are still the primary setting utilized for this treatment. <ul style="list-style-type: none"> This figure is expected to decline over the coming decades as alternative SOC's offer lower costs.
Pricing	Highest	The average cost per infusion in a hospital is \$5,500 to \$11,500.
Complexity/Acuity	High	Hospitals can deliver a wide range of therapies and offer patients the best oversight for risky and complex therapies.

54%
Proportional Expenditure

~3.5%
2024 – 2026 Forecasted CAGR

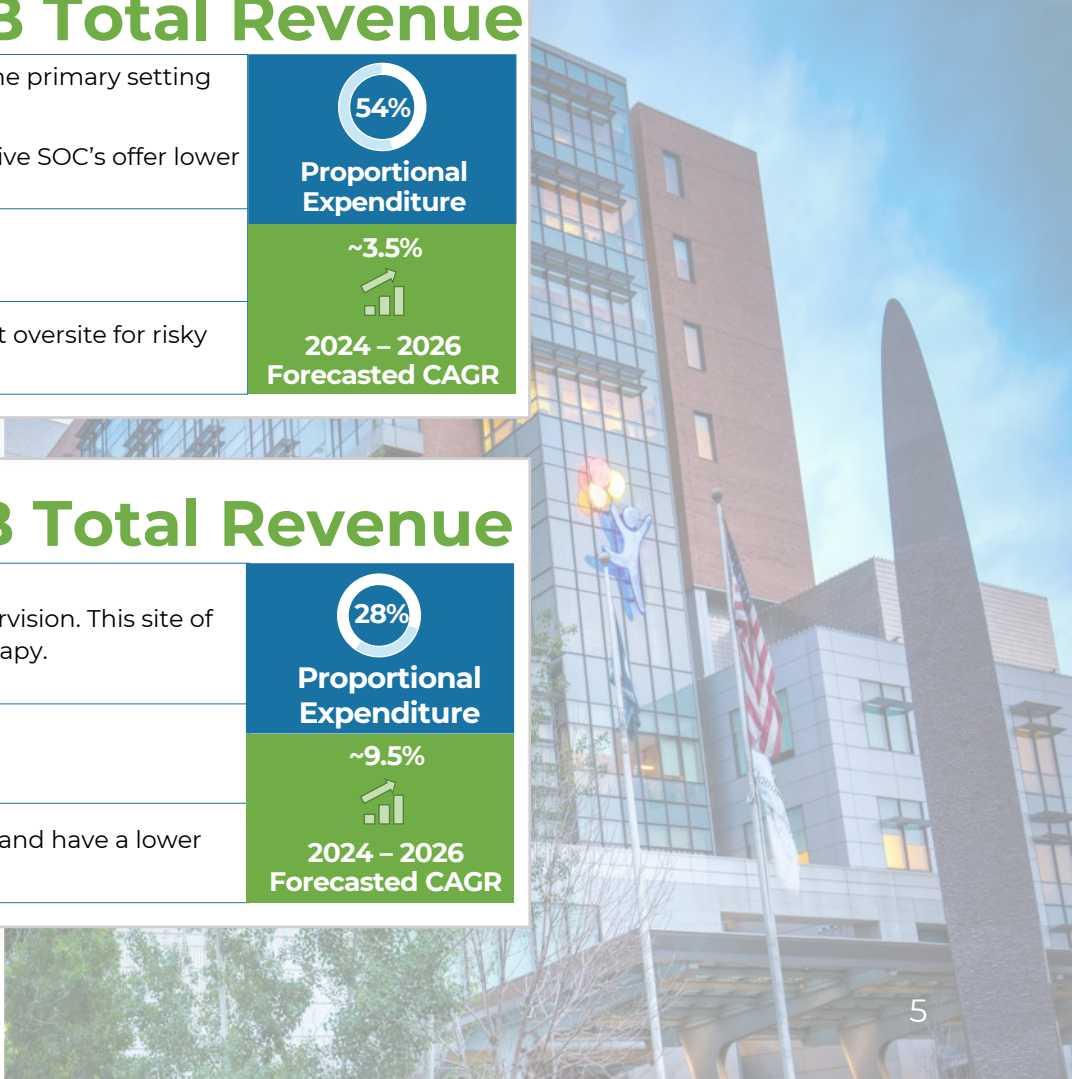
Physician Office (OIC)

~\$42B Total Revenue

Utilization	Medium	Patients receive therapy at their specialty doctor's office with nurse supervision. This site of care is limited to only certain segments of patients needing infusion therapy.
Pricing	Medium	The average cost per infusion in an OIC is 3,500 to \$5,000.
Complexity/Acuity	Medium	Physicians have better oversight of patients compared to home therapy and have a lower infection risk versus a hospital setting.

28%
Proportional Expenditure

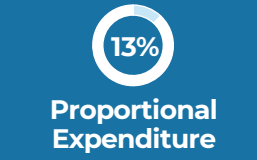

~9.5%
2024 – 2026 Forecasted CAGR



Emerging Sites of Care: Ambulatory Infusion Center & Home


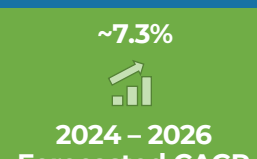
Ambulatory Infusion Center (AIC)

~\$8B Total Revenue

Utilization	Low	Ambulatory infusion centers are a relatively new care center designed to provide a more personal and specialized treatment option for patients. Sites are overseen by RNs that specialize in administering infusion therapies typically without the oversight of a physician. Private equity firms are deploying significant amounts of capital into constructing new centers.	 <p>13% Proportional Expenditure</p>
Pricing	Medium	The average cost per infusion in an AIC is \$3,500-\$5,000.	 <p>~8.9% 2024 - 2026 Forecasted CAGR</p>
Complexity/Acuity	High	AIC's are specialized for treating these patients allowing them to treat a wider range of patients than hospitals, while providing a lower risk of infection.	







Home

~\$19B Total Revenue

Utilization	Low	Medication and equipment is sent directly to the patient's home and nurses travel to administer treatment. <ul style="list-style-type: none"> The convenience and cost savings make this a preferred method by patients. 	 <p>5% Proportional Expenditure</p>
Pricing	Lowest	The average cost per infusion in the home is \$1,700 to \$3,500.	 <p>~7.3% 2024 - 2026 Forecasted CAGR</p>
Complexity/Acuity	Medium	Patients are most likely to complete their treatment course given the convenience of home therapy. However, not all infusion treatments are available or suitable for home application.	

Infusion Therapy Medical Applications

Infusion therapy is broadly divided into two different treatment classes:

Traditional (Acute)	Specialty Infusion (Chronic)
 <p>Duration 2 to 6 weeks</p>	 <p>Duration Several months to many years</p>
 <p>Detail Can be utilized for short term treatment courses such as: antibiotics to treat bacterial infections and severe dehydration. Enables antibiotics to reach tissues faster and at higher concentrations than oral ingestion</p>	 <p>Detail Regimented, recurring treatment for patients suffering from immune and autoimmune disorders Treatments are highly customized dependent on the patient and condition Generates large revenue streams</p>
 <p>Turnover High, most patients fully recover</p>	 <p>Turnover Low, most illnesses never fully resolve or only subside temporarily</p>

Infusion Therapy Targets a Range of Chronic Illnesses

Infusion therapy's application across a variety of high incident illnesses has made it one of the most important medical treatments.

Condition	~ Patient Count
<i>Chronic</i>	
Crohn's Disease	500,000
Ulcerative Colitis	600,000-900,000
Rheumatoid Arthritis	1,300,000
Lupus	1,500,000
Multiple Sclerosis	300,000
Cancer	17,000,000
<i>Acute</i>	
Dehydration	518,000 ¹
Migraines	39,000,000

1. Severe cases requiring hospitalization per year



Emerging Trends

Tailwinds

340B Reimbursement

- ✓ The program enables covered healthcare providers to stretch scarce federal resources by giving them access to covered drugs at significantly reduced prices.
- ✓ Increased the availability of IV therapy drugs which leads to more covered eligible patients.

Rising Investor Interest

- ✓ PE has invested heavily in sites of care with projected growth and opportunity, mostly AIC and home.
- ✓ Hospitals are creating infusion therapy programs for delivery at the patient's home to expand their service capacity and capture revenue.

Growth in Sites-of-care

- ✓ 25% growth in Ambulatory Surgery driven by payor mandates to provide care in lower-cost sites.
- ✓ 18% growth for physician offices and hospital outpatient departments as a result of an increased demand for healthcare due to an aging population.

Headwinds

“White-Bagging”

- ✓ Payer mandate that requires providers to buy drugs from a third-party pharmacy to remove any spread (billed prices minus paid price) to providers.
- ✓ Some states have begun to pass legislation that protects providers from these payer mandates.

Increased Competition

- ✓ More players are entering the space as the growth trend becomes more evident and the regulatory environment continues to take shape and facilitate infusion therapies.

Exacerbation of Staffing Shortage

- ✓ The increase in the availability of infusion therapy drugs and the number of site-of-care has further increased the demand for skilled professionals capable of providing infusion therapy.
- ✓ A more competitive labor environment increases the cost to provide infusion services.

Publicly Traded Comparables

Option Care (OPCH) – Company Overview

- ✓ Option Care is currently the only pure play public company in the infusion therapy industry.
- ✓ OPCH is the nation's largest independent provider of home and alternate site infusion services.
- ✓ The company has 7,500 team members, including +4,500 clinicians.
- ✓ Nation-wide footprint with 170+ locations in the U.S., 90+ full-service pharmacies, and 600+ infusion chairs.

Option Care (OPCH) – Financial Performance

- ✓ OPCH continued its growth throughout 2023. Compared to 2022:

↑ 9.1%

Revenue: \$4.3B

↑ 13.2%

Gross Profit : \$980M

↑ 24%

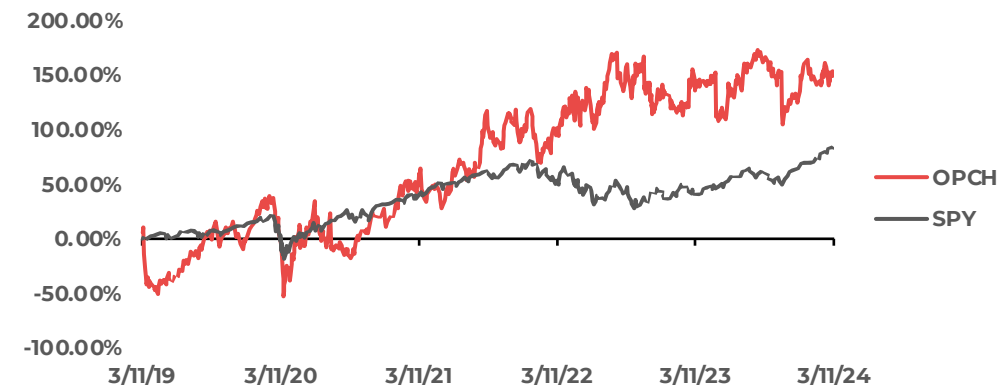
Adjusted EBITDA: \$425M

- ✓ For 2024, the company expects to generate between \$4.6 – \$4.8B in revenue. This revenue is expected to translate into an Adjusted EBITDA of \$425 – 450M.
- ✓ Option Care is trading at P/E of 21.91*, which is comparable than the SPDR's P/E of 21.43*.

*3/11/2024

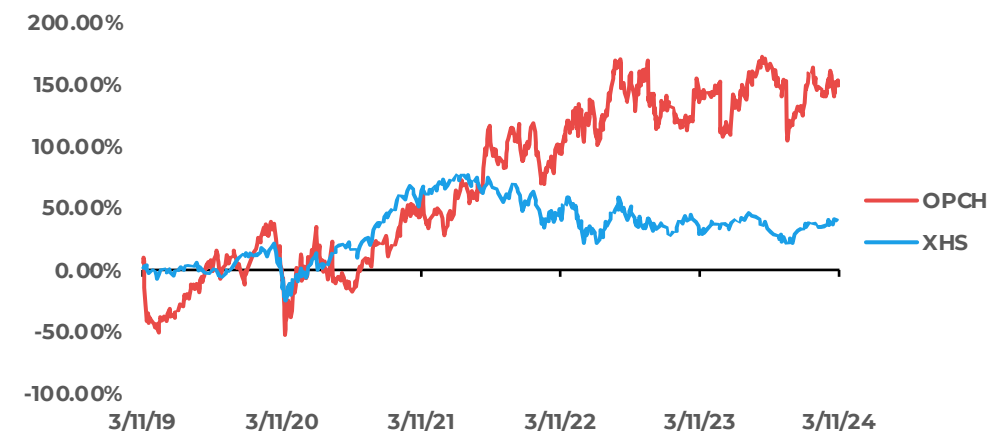
S&P 500 Comparison

Daily Price Return



S&P Healthcare Services Comparison




Daily Price Return



Recent M&A Transactions

Acquirer	Target	Date	Rationale
		Announced 1/4/2024	<ul style="list-style-type: none"> ✓ Increased medical and pharmacy benefits ✓ Greater SOC choice
		Closed 6/20/2023	<ul style="list-style-type: none"> ✓ Expand to 55 ambulatory centers across 10 states
		Closed 5/2/2023	<ul style="list-style-type: none"> ✓ Grow the physical footprint ✓ Double clinical capacity over the next 24 months to provide greater support to patients and providers
		Closed 1/31/2023	<ul style="list-style-type: none"> ✓ Improve specialty treatment capabilities ✓ Continue growth strategy
		Closed 1/23/2022	<ul style="list-style-type: none"> ✓ Regional expansion into southeast
		Closed 3/29/2022	<ul style="list-style-type: none"> ✓ Provide innovative, cost-conscious therapy options

Active Investors

Company	Description	Sponsor
	<ul style="list-style-type: none"> ✓ Only pure play public company in the industry ✓ Specializes in infusion treatments for a broad range of acute chronic conditions at the patient's home or at an infusion suite. 	None
	<ul style="list-style-type: none"> ✓ As part of CVS Health, Coram benefits from access to innovative integrated services that lead to better health outcomes while helping lower overall health care costs for patients, providers, payors, and manufacturers. ✓ National footprint, offering infusion services within homes, ambulatory infusion sites, and hospitals. 	None
	<ul style="list-style-type: none"> ✓ One of the largest pharmacy benefit managers (PBM) in the U.S. ✓ Provides infusion therapy services in homes or at infusion sites. 	None

**Contact Mertz Taggart
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Active Investors

Company	Investor	Status
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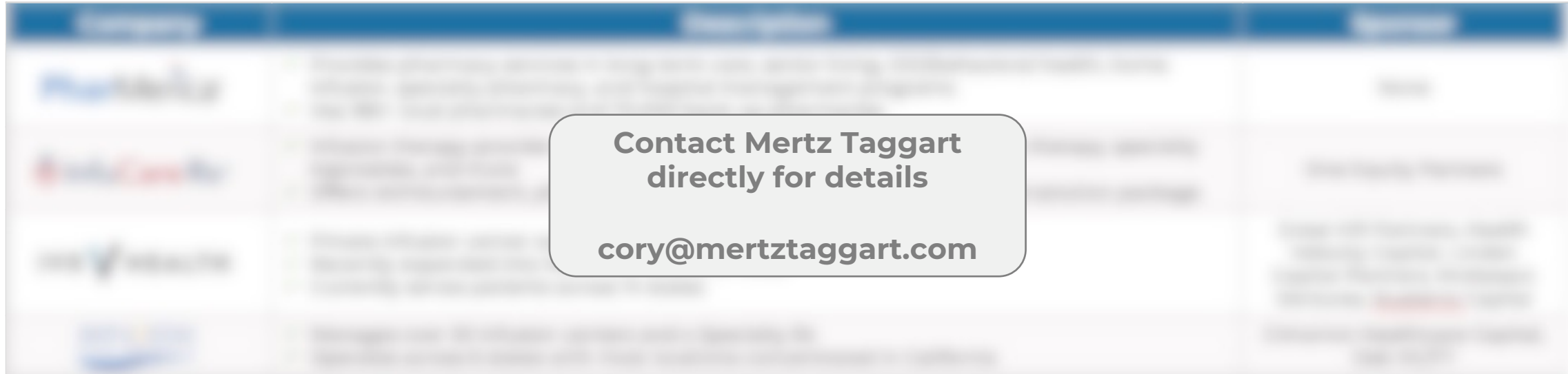
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Active Investors

Company	Investment Type	Status
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Active Investors



Company	Description	Status
Bluebird		
AutoCar		
myCar		
Blue		

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Mertz Taggart

Diligence | Teamwork | Expertise

*Process Based Execution
Achieves World-Class Results*

Specialized Knowledge

Client Oriented Approach

Home-Based Care and Infusion Therapy Coverage



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