



INDUSTRY OUTLOOK:

New Entrants and Payment Models Are Transforming the Kidney Care Landscape

BY DAN LEVIN, CFA, ASA, NICK JANIGA, ASA, AND BOBBY VAN DUSEN, AM

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Introduction

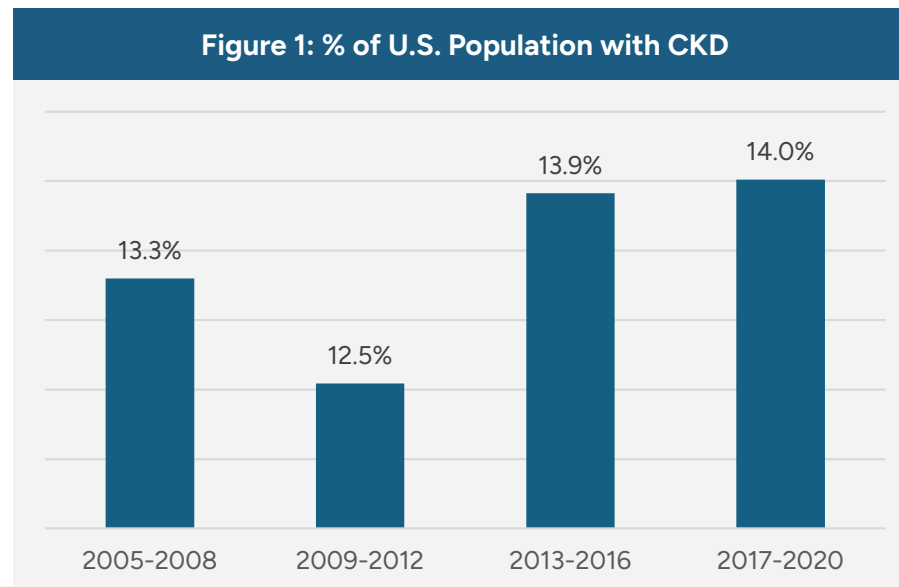
Dialysis clinics and nephrology practices provide treatment to patients suffering from kidney disease. The prevalence of CKD has been increasing in the United States since the 1960s. The primary causes of CKD include diabetes, high blood pressure, polycystic kidney disease, long-term autoimmune disease, and prolonged urinary tract obstruction. The disease can be characterized by five stages and, if caught early, can be treated to reduce the acceleration of the disease. However, once a patient loses a substantial amount of kidney function, the loss of function is typically irreversible.



Figure 1 displays the percentage of the U.S. adult population with CKD from 2005 to 2020. CKD is most common in adults over the age of 65, with an approximate prevalence rate of 33.2%.¹

The final stage of the disease is known as ESRD, when the patient loses the majority of their kidney function. Once this occurs, patients must either receive a kidney transplant or undergo regular dialysis treatment. Dialysis treatments involve removing excess water and toxins from the blood once the kidneys can no longer perform these functions.

There are two forms of dialysis treatments: Hemodialysis (HD), which can be performed in a dialysis clinic or at home; and Peritoneal Dialysis (PD), which is typically performed at home. The most common treatment option is in-center HD, which requires treatment at a dialysis center approximately three times per week, with each treatment lasting three to four hours.



¹ United States Renal Data System. 2024 USRDS Annual Data Report: Epidemiology of kidney disease in the United States. National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases, Bethesda, MD, 2024.

Figure 2: ESRD Incidence Count & Growth Size

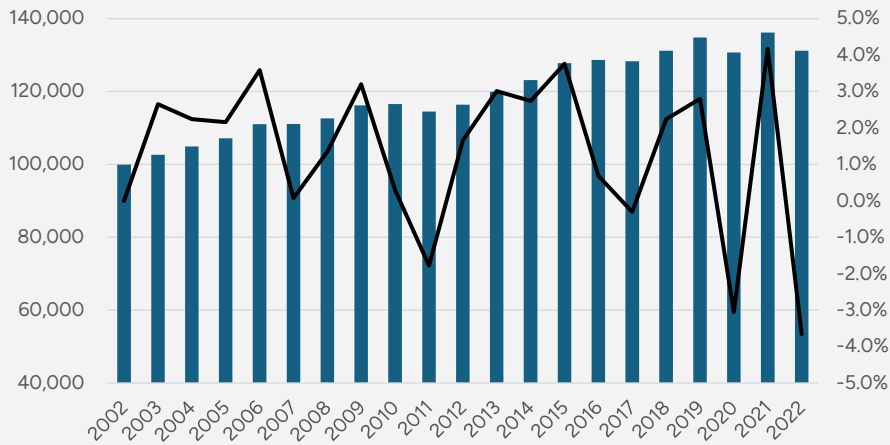
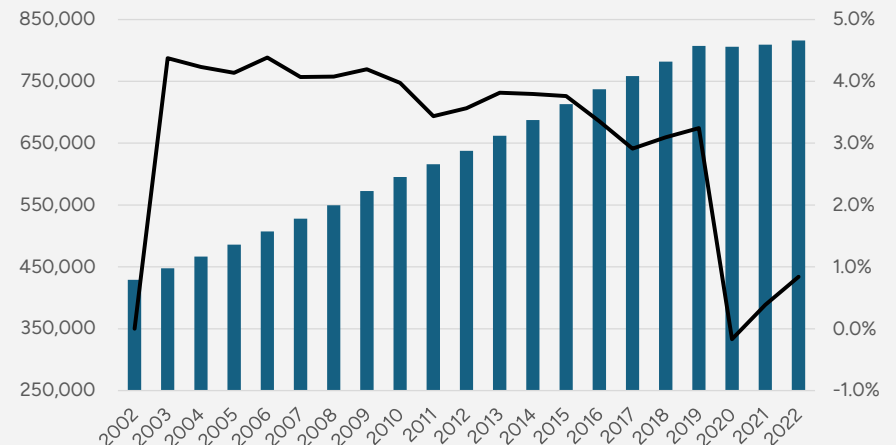


Figure 3: ESRD Prevalence Count & Growth Rate



According to the United States Renal Data System 2024 Annual Data Report, there were approximately 131,000 new ESRD incidents and 816,000 total ESRD patients in 2022. Since 2002, ESRD incidence grew at a compound annual growth rate (CAGR) of 1.4% while ESRD prevalence grew at a CAGR of 3.3%.

Figures 2 and 3 depict incidence and prevalence of ESRD from 2002 to 2022.²

Consistent with the increase in ESRD in the United States, there has been steady growth in dialysis clinics and treatment centers in recent decades. There are now more than 7,500 dialysis clinics in the United States. **Figure 4** displays the number of dialysis clinics owned by the major providers of dialysis services in the United States as of December 2024, with market share concentrated among DaVita and Fresenius.

Figure 4: Dialysis Clinic Market Share as of December 2024³

Operator	Number of U.S. Clinics	U.S. Market Share
DaVita	2,799	37.0%
Fresenius Medical Care	2,770	36.6%
U.S. Renal Care, Inc.	370	4.9%
Dialysis Clinic, Inc.	242	3.2%
American Renal Associates	224	3.0%
Independently Owned Clinics	749	9.9%
All Other	419	5.5%
Total	7,573	100.0%

² United States Renal Data System. 2024 USRDS Annual Data Report: Epidemiology of kidney disease in the United States. National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases, Bethesda, MD, 2024.

³ "Dialysis Facility – Listing by Facility," Centers for Medicare & Medicaid Services.

Major Market Participants

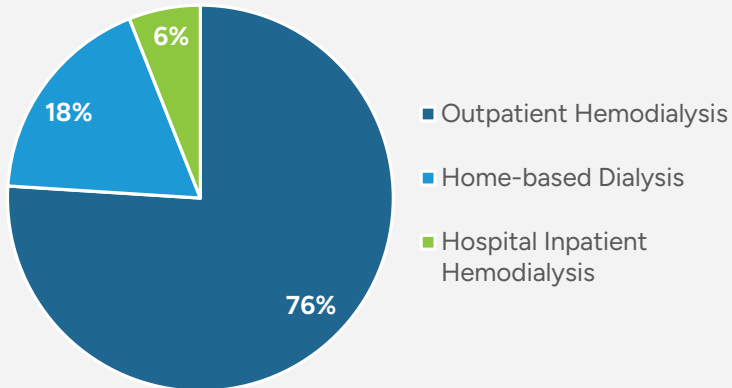
DAVITA (NYSE: DVA)

DaVita is one of the largest providers of kidney dialysis services and related lab services in the United States. The company was founded in 1979 as Medical Ambulatory Care, Inc. In 1994, it was acquired by DLJ Merchant Banking Partners which changed the name to Total Renal Care Holdings. In 2000, the company was renamed DaVita.

Until recently, DaVita consisted of two major divisions - DaVita Kidney Care and DaVita Medical Group. DaVita Kidney Care provides the U.S. dialysis and related lab services. DaVita Medical Group was sold to UnitedHealth Group's Optum division in June 2019. Currently, DaVita operates various ancillary service lines in addition to its U.S. dialysis and lab operations. These ancillary service lines include its U.S. integrated kidney care business, various clinical research programs, a transplant software business, a venture investment group, and international dialysis operations.

DaVita owns or manages approximately 2,800 outpatient dialysis clinics in the United States, provides acute inpatient dialysis services at approximately 790 hospitals, and serves over 200,000 patients annually. DaVita's dialysis centers are sometimes structured as joint ventures (JV), with DaVita owning controlling interests in each JV. In 2023, just under 30.0% of DaVita's dialysis revenue was generated by JVs where DaVita holds a controlling interest. **Figure 5** summarizes DaVita's dialysis service revenue by modality for 2023.

Figure 5: % Revenue by Modality for DaVita



⁴ "2023 Annual Report," DaVita.

FRESENIUS MEDICAL CARE (FRE.DE)

Fresenius Medical Care (Fresenius) was formed in 1996 when Fresenius SE & Co. merged its dialysis business with National Medical Care to form Fresenius. Fresenius is the world's largest dialysis company based on reported revenue and the number patients served, with a global headquarters in Bad Homburg vor der Höhe, Germany, and a North American headquarters in Waltham, Massachusetts. In addition to providing dialysis services, Fresenius also develops and manufactures a full range of dialysis equipment used in dialysis clinics.

Fresenius owns or manages approximately 3,700 outpatient dialysis centers worldwide, which serve approximately 308,000 dialysis patients annually.⁵ In 2023, Fresenius treated the majority of its patients in North America (62%). Based on the number patients served, Fresenius has approximately 37% market share in the United States. 16% of Fresenius' U.S. patients received dialysis treatments in a home setting in 2023. Fresenius indicated in its 2023 annual report that it is targeting having 25% of dialysis treatments in the United States being provided in a home setting by 2027. The main headwind Fresenius identified to achieving this goal is a challenging labor market in the United States.⁶

Figures 6 and 7 depict historical and forward-looking revenue and EBITDA figures for DaVita and Fresenius. 2020 through TTM September 2024 figures represent actual performance, while 2025 and 2026 data represent analyst forecasts aggregated by S&P Capital IQ.⁷

Figure 6: Revenue Trends in Million of USD

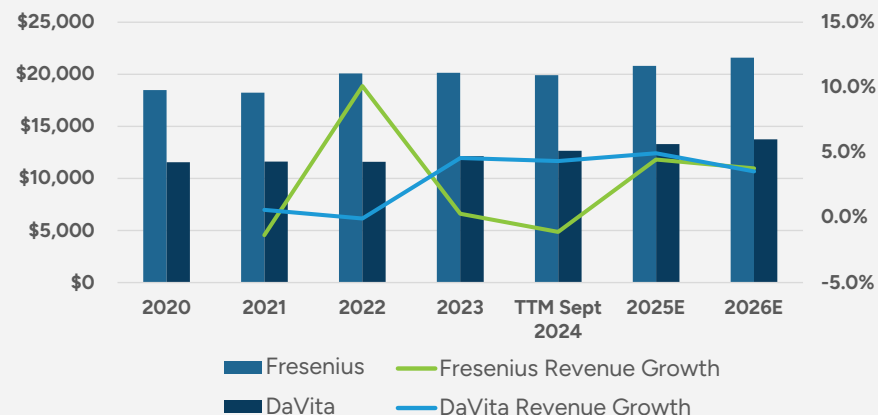
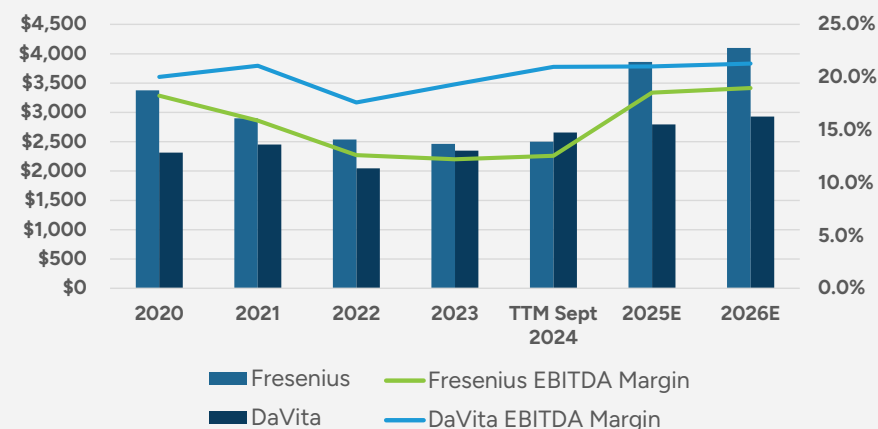


Figure 7: EBITDA Trends in Million of USD



⁵ "Q3 2024 Investor Presentation," Fresenius Medical Care.

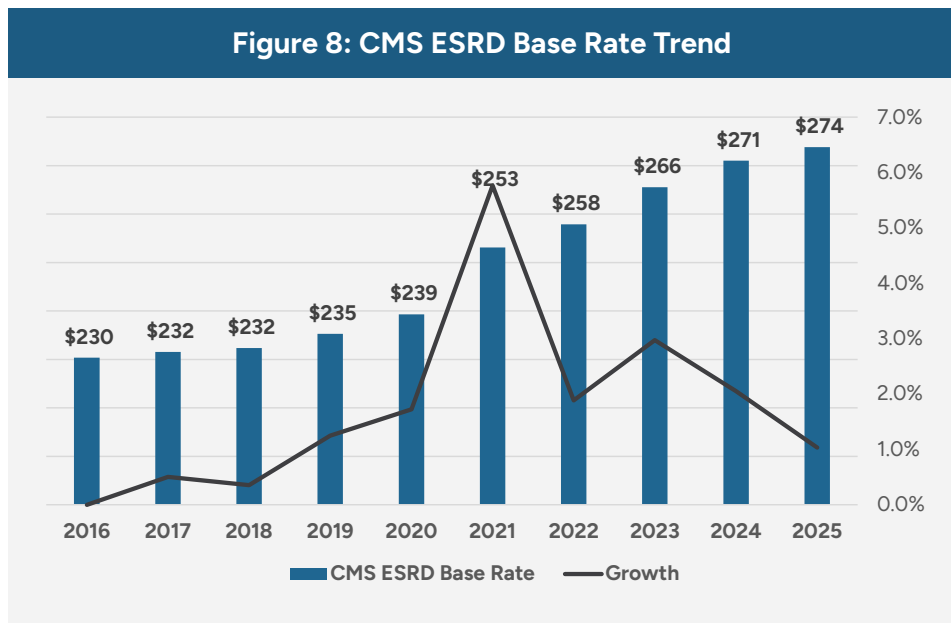
⁶ "2023 Annual Report," Fresenius Medical Care.

⁷ All revenue and EBITDA estimates represent the most recently available data from S&P Capital IQ as of February 12, 2025.

Reimbursement Dynamics

CMS is the major payor for dialysis services and kidney transplants, as a dialysis patient in the United States is eligible for Medicare, regardless of age. If the dialysis patient is covered by a commercial insurance plan, the commercial insurance plan is typically the primary payor for up to the first 30 months of treatment, with Medicare taking over as the primary payor thereafter.

In 2022, over 15% of Medicare beneficiaries have been diagnosed with CKD.⁸ Medicare reimbursement for dialysis services is set by CMS through the ESRD prospective payment system, with proposed and final rules being released in the back half of the calendar year to set rates for the following calendar year. **Figure 8** displays how the ESRD base rate has trended over the past 10 years up to the CMS 2025 final rule:



⁸ "United States Renal Data System. 2024 USRDS Annual Data Report: Epidemiology of kidney disease in the United States. National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases, Bethesda, MD, 2024.

MEDICARE ADVANTAGE

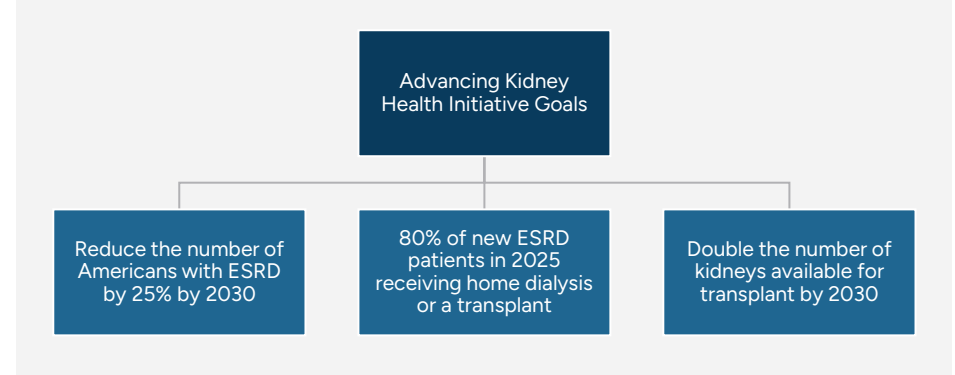
In January of 2021, Medicare beneficiaries with ESRD were permitted to enroll in private Medicare Advantage plans (MA) under the 21st Century Cures Act. The goal of permitting enrollment in private MA was to push towards innovation and increase patient access to home dialysis. CMS forecasted that this change would bring approximately 83,000 more beneficiaries onto MA by 2026.⁹ Enrollee numbers have since increased at a much faster rate than anticipated.

In the first year of the program, there was a 51% increase in MA enrollment for ESRD beneficiaries. From January of 2020 to December of 2022, MA enrollment increased by 71.7%.¹⁰ By the end of 2022, approximately 47% of dialysis beneficiaries were enrolled in MA.¹¹ The growth in MA coverage for dialysis is further exemplified by comments from DaVita's CFO and Treasurer, Joel Ackerman, who stated that, "...a few years ago, less than one-quarter of our Medicare patients were Medicare Advantage and now it's more than half. So, recognizing that growth, we decided we needed to invest in that area."¹² Furthermore, DaVita's leadership team mentioned in DaVita's 2023 fourth quarter earnings call that its value-based care portfolio, which focuses primarily on MA, began reaching profitability after years of investment.

RISE OF VALUE-BASED CARE

In October of 2015, CMS enacted the Comprehensive ESRD Care Model (CEC). This model was designed to identify, test, and evaluate new ways to improve care for Medicare beneficiaries with ESRD. Through the CEC, CMS partnered with health care providers and suppliers to test the effectiveness of a new

Figure 9: Advancing American Kidney Health Initiative Goals



payment and service delivery model through the formation of 33 ESRD Seamless Care Organizations (ESCOs). The ESCOs were matched with beneficiaries and responsible for coordinating care. As a part of the CEC, dialysis organizations with 200 or more dialysis facilities were eligible to receive shared savings payments as well as become liable for shared losses.¹³ The CEC was eventually replaced with new payment models, as discussed in the following paragraphs.

In July of 2019, the Advancing American Kidney Health Initiative was launched to improve the lives of patients with kidney disease, expand care options for patients, and reduce healthcare costs. The initiative included new proposed payment models by CMS to promote preventative kidney care, home dialysis, and kidney transplants.¹⁴ The three goals of the initiative set forth by the U.S. Department of Health and Human Services (HHS) are outlined in **Figure 9**.¹⁵

⁹ Bonstad MS, BS, RN, Rob, "RE: Request for Information: Medicare Program; Request for Information on Medicare Advantage Data," Renal Healthcare Association, May 28, 2024.

¹⁰ Nguyen, PhD, Kevin, et al., "Medicare Advantage Enrollment Following the 21st Century Cures Act in Adults with End-Stage Renal Disease," JAMA Network, September 12, 2024.

¹¹ Bonstad MS, BS, RN, Rob, "RE: Request for Information: Medicare Program; Request for Information on Medicare Advantage Data," Renal Healthcare Association, May 28, 2024.

¹² "DaVita Inc. Company Conference Presentation at the Barclays Global Healthcare Conference," March 13, 2024.

¹³ "Comprehensive ESRD Care Model," Centers for Medicare & Medicaid Services, webpage.

¹⁴ On March 12, 2025, CMS announced its intention to end one of these payment models, the ESRD Treatment Choices (ETC) Model, by the end of 2025. The exact details of the wind down of this program have not been announced, but we do not anticipate it having an impact on the Kidney Care Choices Model discussed in this report.

¹⁵ "Advancing American Kidney Health," U.S. Department of Health and Human Services.

HHS released a progress report for the initiative in August of 2020. The report indicated that various progress was made towards the three goals through increased investment by government departments, a focus on improving information dissemination on diabetes prevention and kidney health, and a focus on improving access to care in underserved areas. Additionally, the CMS Innovation Center announced various new payment models to replace the CEC.¹⁶

The CEC ended in March of 2021 and brought rise to the Kidney Care Choices Model (KCC) in January of 2022. The KCC is structured to bring together dialysis facilities, nephrologists, and other health care providers to form ESRD-focused accountable care organizations. These organizations are offered financial incentives to manage Medicare beneficiaries with stages 4 and 5 CKD and ESRD with a goal of delaying the onset of dialysis and incentivizing kidney transplants. The KCC has two types of arrangements - the CMS Kidney Care First Option (KCF) and Comprehensive Kidney Care Contracting (CKCC).¹⁷

The KCF is designed for participation by nephrology practices only. The participating practices receive capitation payments for CKD and ESRD patients, with the payments being adjusted for health outcomes and utilization compared to various standards and quality measures. In addition, bonus payments are paid to the participating practices for each beneficiary who receives a kidney transplant. The bonus is paid over a three-year period if the transplant remains successful. **Figure 10** displays the nephrology groups with the most CKD and ESRD beneficiary months in performance year 2022 under the KCF (data published by CMS).

Figure 10: Top Nephrology Groups Participating in the KCF Performance Year 2022

Nephrology Group	Total Beneficiary Months (CKD and ESRD)
Nephrology Associates Medical Group, Inc.	15,413
PRINE Health Medical Group, PLLC	10,011
Nephrology Associates of Mobile, P.A.	7,667
Kidney Care and Transplant Services of New England PC	6,899
Lynchburg Nephrology Physicians, P.L.L.C.	6,879
The Regents of the University of California	5,673
NE Nephrology Home Care Associates	5,171
Pacific Kidney & Hypertension, LLC	5,008
Starling Physicians PLLC	4,218
Oneill Clark Narvarte & Vicks PC	3,848
Other Nephrology Groups	32,748
Total Beneficiary Months	103,535

¹⁶ "Advancing American Kidney Health: 2020 Progress Report," U.S. Department of Health & Human Services, August 2020.

¹⁷ "Kidney Care Choices (KCC) Model," Centers for Medicare & Medicaid Services, webpage.

The CKCC is open to participation by kidney contracting entities (KCEs). KCEs are required by CMS to include nephrologists or nephrology practices and may also include dialysis facilities or other providers and suppliers. The KCEs receive capitation payments similar to the payments made under the KCF. The KCEs take responsibility for the total cost and quality of care for their patients and can receive a portion or all of the Medicare savings they achieve. There are three different options for participation in the CKCC, as detailed in **Figure 11**.

Figure 12 displays the organizations that participated in the CKCC in performance year 2022 as well as the number of CKD and ESRD beneficiaries, total shared savings/losses, and shared savings/losses per beneficiary (data published by CMS).



Figure 11: Top CKCC Options

CKCC Option	Payment Arrangement
CKCC Graduated Option	Allows participants to begin under a lower-reward, one-sided model and graduate to a model with greater risk and greater potential reward
CKCC Professional Option	Allows participants the opportunity to earn 50% of shared savings or be liable for 50% of shared losses
CKCC Global Option	Allows participants to assume risk for 100% of the total cost of care

Figure 12: CKCC Performance Year 2022 Results

Organization	Beneficiaries (CKD and ESRD)	Total Shared Savings / (Losses)	Shared Savings / (Losses) per Beneficiary
InterWell Health	51,920	\$23,092,113	\$445
Strive Health	7,997	\$6,352,499	\$794
Panoramic Health	8,893	\$1,077,689	\$121
Dialysis Clinic, Inc.	1,868	\$787,941	\$422
Carolina Kidney Partners	4,555	\$0	\$0
US Renal Care	3,816	(\$279,949)	(\$73)
Somatus	697	(\$473,657)	(\$680)
DaVita	22,282	(\$507,558)	(\$23)
Evergreen Nephrology	5,426	(\$550,553)	(\$101)
Satellite Healthcare	825	(\$970,856)	(\$1,177)
Grand Total	108,279	\$28,527,670	\$263

Key Players in Value-Based Care¹⁸

INTERWELL HEALTH

InterWell Health is a kidney care management company that focuses on value-based care. The company was originally founded in 2019 as a joint venture between Fresenius and 16 nephrology practices.¹⁹

In August of 2022, InterWell Health and Cricket Health joined together to form a new entity set to continue InterWell Health's focus of transforming kidney care. The newly formed entity is still known as InterWell Health and gained the ability to leverage Cricket Health's technology-enabled care model and patient engagement platform.²⁰

InterWell Health announced in September of 2022 that it would acquire Acumen Physician Solutions, a leading provider of electronic health records and patient

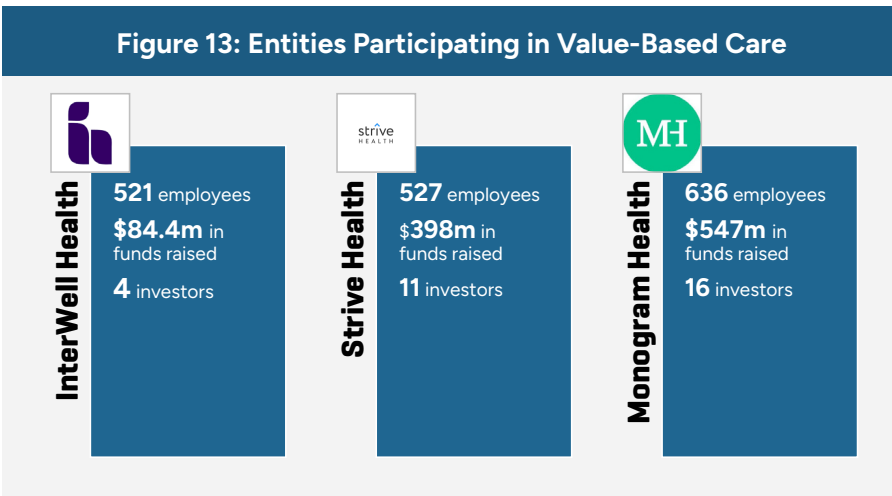
management software for nephrologists.²¹ InterWell Health now partners with over 2,000 providers that support kidney disease patients in all 50 states. InterWell Health has utilized value-based care to optimize its care delivery, as evidenced by statistics provided by the company showing 150% greater optimal start rates compared to national averages, 85% higher home dialysis start rates compared to national averages, and \$500 per member per month savings on its total cost of care.

In August of 2023, InterWell Health announced a new value-based care arrangement with Humana. This program includes coverage of Humana MA members in 14 states, with the most recent expansion including Florida.²²

When discussing the arrangement with InterWell Health, Humana's Senior Vice President Carl Daley stated the following:

"With millions of American adults currently living with chronic kidney disease, we continue to expand our programs, and this latest collaboration helps our members have access to value-based, coordinated chronic kidney disease care, as well as a vast amount of resources tailored to meet their specific needs throughout each stage of their healthcare journey."²³

Figure 13: Entities Participating in Value-Based Care



¹⁸ All data included in graphics sourced from PitchBook unless otherwise noted.

¹⁹ "Field Notes Episode 24: Advancing Value Based Care with Kim Sonnen and Dr. George Hart," Fresenius.

²⁰ Landi, Heather, "InterWell Health finalizes \$2.4B kidney care merger to combine tech, value-based care capabilities," Fierce Healthcare, August 30, 2022.

²¹ "Our History," InterWell Health, webpage.

²² Rath, David, "Humana-Interwell Kidney Care Partnership Expands to Florida," Healthcare Innovation Group, September 27, 2024.

²³ "Humana Announces New Agreement with Interwell Health That Expands Comprehensive Care for Members Living with Chronic Kidney Disease," Humana, August 23, 2023.

STRIVE HEALTH

Strive Health is a value-based kidney care organization that was founded in 2018. Strive Health focuses on delivering cost-effective and clinically integrated care to achieve better outcomes. They participate in the CKCC and, as noted in Figure 12, they achieved the highest shared savings per beneficiary in this program for performance year 2022. Strive Health partners with providers and payors to serve over 120,000 patients across the United States.

According to Strive Health's 2024 Media Kit, the organization has achieved a 20% reduction in total cost of care, a 49% reduction in hospitalizations, a 10% reduction in emergency room visits, a 58% increase in optimal dialysis starts, a 77% increase in home dialysis adoption, and a 94% patient satisfaction score.²⁴ According to PitchBook, Strive Health's most recent round of mezzanine funding was led by Hercules Capital, and its most recent round of venture capital funding was led by CVS Health Ventures and New Enterprise Associates.

Similar to InterWell Health, Strive Health began a partnership with Humana in 2020, serving Humana MA members in Indiana and Kentucky. In early 2024, Humana announced that its partnership with Strive Health has been expanded to include Illinois, Michigan, and the northwest portion of North Carolina. Will Stokes, the co-founder and chief growth officer at Strive Health stated the following in unison with this announcement:

"Humana has a proven track record of providing innovative care delivery models. Our expanded partnership will allow us to serve thousands of patients through a value-based approach to kidney care and further our mission to deliver compassionate kidney care through data-driven insights, high-touch care and prevention."²⁵



²⁴ "2024 Media Kit," Strive Health.

²⁵ "Humana and Strive Health Announce Expansion of Holistic, Patient-Centered Care for People with Kidney Disease," Humana, March 5, 2024.



MONOGRAM HEALTH

Monogram Health was founded in 2019 and provides in-home, multispecialty care for patients with CKD via various value-based care models. Monogram Health has grown rapidly over the past few years, increasing revenue from \$4.9 million in 2020 to \$2.2 billion in 2023 while also generating approximately \$160 million in savings for its partners and patients in 2023. Monogram Health anticipates generating over \$3 billion in revenue in 2024.²⁶

Over 9,000 primary care providers and 3,000 specialists are partnered with Monogram Health to deliver care throughout the country. According to PitchBook, Monogram Health's most recent round of funding was led by Humana, CVS Health, Norwest Venture Partners, KCK Medtech, TPG, Frist Cressey Ventures, and Memorial Hermann Foundation.

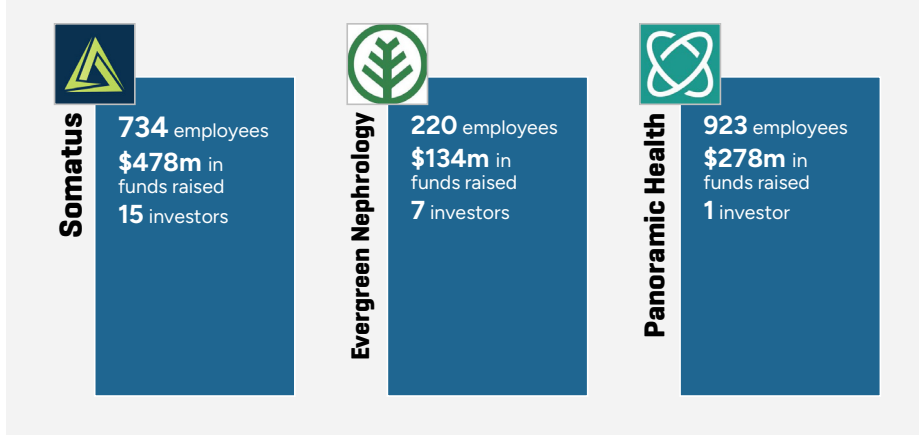
In June of 2024, Monogram Health announced its partnership with the largest non-profit health system in southeast Texas, Memorial Hermann Health System. The focus of this partnership is to improve outcomes of patients with polychronic conditions, as well as combine Monogram Health's in-home evidenced-based care and benefit management services with the health system's high-quality staff to slow the progression of CKD and ESRD. Feby Abraham, executive vice president and chief strategy officer for Memorial Hermann Health System, made the following statement when discussing the partnership:

"We share a common goal to provide whole-person, outcomes-oriented care, and this strategic partnership will further enable Memorial Hermann to adopt an advanced risk platform that progresses access to high quality care for our patients – inside and outside the 'four walls' of the health system."²⁷

²⁶ "Monogram Health Ranked Third Fastest Growing Company in the U.S.," Monogram Health, August 13, 2024.

²⁷ "Monogram Health and Memorial Hermann Join Forces to Improve Outcomes for Patients Impacted by Polychronic Conditions," Monogram Health, June 25, 2024.

Figure 13: Entities Participating in Value-Based Care (continued)



SOMATUS

Somatus was founded in 2016 and is a value-based kidney care organization that manages over 275,000 patients in all 50 states. Somatus is partnered with over 20,000 physicians, 2,300 of which are involved in value-based arrangements. In addition to kidney disease related treatments, Somatus also manages care of patients with congestive heart failure. Somatus has a proprietary technology platform that analyzes data to assist in informed treatment decisions, with the goal of improving performance and outcomes. Based on information published by PitchBook, Somatus's most recent round of funding was led by Wellington Management.

In February of 2024, Somatus announced that it partnered with Sun Life to assist in increasing access to care and manage rising costs. As a part of the arrangement, Somatus will begin delivering a coordinated care model to Sun Life's stop-loss members who have ESRD and heart disease.

Jennifer Collier, president of health and risk solutions at Sun Life, had the following commentary regarding the partnership:

"Healthcare costs and access are two of the biggest challenges Americans face when trying to address a health condition. Sun Life is committed to finding ways to directly impact access and quality of care so that our members can experience better health outcomes. We are pleased to partner with Somatus so that our members with kidney and congestive heart disease will receive coordinated, personalized care that improves their health and reduces costs for our clients."²⁸

EVERGREEN NEPHROLOGY

Evergreen Nephrology was founded in 2021 and participates in value-based kidney care through partnerships with nephrologists. Evergreen Nephrology is currently partnered with over 900 providers, who provide care in 24 states. As a part of its provider partnerships, Evergreen Nephrology utilizes technology to address various roadblocks in kidney care, including disparities in electronic health record data, a lack of information regarding the transplant process, and difficulties in predicting ESRD development.

Like other key players in the industry, Evergreen Nephrology announced a partnership with Humana in August of 2024. This partnership allows for Humana MA members to gain access to Evergreen Nephrology providers in every state that Evergreen Nephrology operates.²⁹

²⁸ "Sun Life partners with Somatus to provide comprehensive services for late-stage kidney disease and cardiovascular care," PR Newswire, February 6, 2024.

²⁹ "Humana and Evergreen Nephrology Introduce New Specialized Care Program for Patients Living with Kidney Disease," Humana, August 29, 2024.

In January of 2025, Evergreen Nephrology announced that it raised an additional \$130 million in capital to expand its kidney care model.³⁰ According to PitchBook, this round of funding was led by Rubicon Founders and Oak HC/FT.

PANORAMIC HEALTH

Panoramic Health was founded in 2017 and works with physicians, medical practices, patients, and payors to navigate the kidney care landscape. Panoramic Health operates in 19 states and is partnered with over 750 providers. The company relies on proprietary, predictive data analytics developed with one of the world's largest CKD data warehouses. These data analytics assist nephrologists in delivering better patient outcomes. According to PitchBook, Panoramic Health raised approximately \$30 million in debt in late 2024 to fund various transactions.

In March of 2024, Panoramic Health announced the launching of its Scientific Advisory Board. The board will consist of clinical leaders and research experts who will be tasked with advancing kidney care innovation. Panoramic Health believes this new component of the business will allow for the organization to partner with sponsors and clinical research organizations to positively impact chronic kidney disease treatment.³¹

OTHER PROVIDERS

In addition to large private equity-backed platforms discussed herein, the authors have worked with smaller companies that provide dialysis treatments in innovative ways outside the traditional in-center HD model. Specifically, these providers partner with managed

Medicaid and MA plans to provide in-home HD to patients that are too sick to travel for weekly dialysis treatments. These patients would otherwise be admitted to a hospital where the cost of care would be substantially higher. Given the significant comorbidities many of these patients are faced with, providers in this space must have the ability to provide well rounded care beyond the administration of dialysis treatment, and frequently employ a range of providers to care for the patients' needs. Typically, reimbursement for these services is substantially higher than for in-center HD but are still significantly less than a hospital stay.

Transaction Environment

Transaction activity in the dialysis and kidney care industry is led by DaVita and Fresenius, with small to mid-sized transactions typically involving the key players in value-based care, health systems, independent dialysis centers, and independent nephrology practices. **Figure 14** highlights notable transactions involving DaVita and Fresenius over the past few years:

Figure 14: DaVita and Fresenius Recent Transaction Activity³²

Buyer	Seller	Purchase Price	Announcement Date	Transaction Details
Life Healthcare Group	Fresenius	\$20.2 million	5/19/2024	Assets and operations of 51 dialysis clinics in South Africa
DaVita	Fresenius	N/A	4/30/2024	Renal care business in Turkey
DaVita	Fresenius	\$300 million	3/5/2024	Dialysis clinic networks in Brazil, Colombia, Chile, and Ecuador
DaVita	N/A	N/A	2/10/2022	17 dialysis centers in the U.S.
DaVita	MedSleuth, Inc.	N/A	1/18/2022	Transplant software company

³⁰ "Evergreen Nephrology Raises \$130 Million to Transform and Expand Access to Value-Based Kidney Care," PR Newswire, January 7, 2025.

³¹ "Panoramic Health Launches Scientific Advisory Board to Accelerate Innovation in Kidney Care," PR Newswire, March 7, 2024.

³² Transaction details from S&P Capital IQ.

As shown in **Figure 14**, the majority of DaVita's and Fresenius's transaction activity related to international service lines, with Fresenius making various divestures and DaVita expanding its presence to becoming the largest dialysis provider in Latin America. Also of note, DaVita's acquisition of MedSleuth, Inc. underscored its effort to increase transplant innovation.

Javier Rodriguez, the CEO of DaVita, made the following statement regarding the transaction:

"Kidney transplantation is a life-changing option for most people with kidney failure, one that's limited today by supply and complexity. MedSleuth has built a powerful platform that can help increase patients' access to transplantation. We're looking forward to supporting the team to accelerate innovation and help streamline the transplant process for transplant candidates, transplant centers, physicians and care teams."³³

This transaction aligns with federal government initiatives to increase the number of kidney transplants by 2030.

In addition to transaction activity by the large, public market participants, Irving Levin reported 43 transactions in the United States dialysis and kidney care industry since 2016. While Irving Levin's database does not include every transaction that occurred, the data shows that there has been substantial transaction activity as companies seek to expand their operations through inorganic growth.

Figure 15: Dialysis and Kidney Care Transactions Reported by LevinPro HC

Buyer	Target	Target State	Announcement Date
Evergreen Nephrology	Western Kentucky Kidney Specialist	KY	5/29/2024
Evergreen Nephrology	Western Nephrology	CO	5/15/2024
Panoramic Health	The Kidney and Hypertension Center	OH	3/19/2024
Panoramic Health	Kidney Specialists of South Texas, PA	TX	8/29/2023
Evergreen Nephrology	Nephrology Associates of Central Florida	FL	8/15/2023
InterWell Health	20 Nephrology Practices	11 states	8/3/2023
Panoramic Health	San Antonio Kidney Disease Center	TX	7/18/2023
Evergreen Nephrology	Hypertension Nephrology Associates, P.C.	MI	7/18/2023
Panoramic Health	Southwest Nephrology Associates LLP	TX	6/1/2023
Somatus	Duneland Nephrology	IN	3/23/2023
Panoramic Health	North Shepard Dialysis Access Center	TX	3/8/22023
Panoramic Health	Permian Basin Kidney Center, LLC	TX	2/1/2023
Evergreen Nephrology	Nephrology Associates of Michigan	MI	7/5/2022
Evergreen Nephrology	Nephrology Associates, PA	DE	6/24/2022
Evergreen Nephrology	Dallas Nephrology Associates	TX	6/23/2022
Evergreen Nephrology	Mid-Atlantic Nephrology Associates	MD	6/15/2022
Evergreen Nephrology	RenalCare Associates	IL	5/4/2022
Evergreen Nephrology	Colorado Kidney Care	CO	4/6/2022
Evergreen Nephrology	Nephrology Associates	TN	12/7/2021

Although there is limited financial information tied to these transactions given the private nature of the companies involved, **Figure 15** highlights a few notable transactions reported in Irving Levin's LevinPro HC.

Overall, transaction activity in this market is ongoing, with DaVita and Fresenius mainly focused on their respective international strategies, while the value-based

³³ "DaVita Acquires MedSleuth, Deepens Efforts to Improve Transplant Experience," DaVita, January 18, 2022.

care participants make strategic maneuvers to position themselves for growth and care expansion. In addition to the practice and clinic acquisitions highlighted in **Figure 15**, in our experience, many of the joint venture formations or similarly structured value-based care arrangements between the large private equity-backed platforms and physician practices often involve certain intangible asset transactions including non-competes, exclusivity terms, and rights of first refusal, among others. These types of arrangements are also attractive to nephrology practices, as they are able to benefit from centralized management services as well as additional debt financing available from the large private equity-backed platforms.

Conclusion

The authors have gathered experience in the dialysis and kidney care market through years of work providing consulting and valuation services to dialysis centers, nephrology practices, KCEs, and other managed care entities. Based on our experience in the market, organizations will need to continue to react and evolve to changes to the kidney care continuum, as higher quality and more cost-effective care is sought after. Successfully adapting to these changes will allow providers to expand market share while positively impacting the health of patients nationwide.

Contact Us



Nick Janiga, ASA MANAGING DIRECTOR

njaniga@stout.com
+1.303.566.3173

Nick J. Janiga has over 15 years of experience providing his clients with analysis and consultation

in business valuation, litigation support, intellectual property, and healthcare provider compensation relationships. His experience includes working with healthcare organizations, attorneys, administrators, providers, developers, consultants, investment bankers, and private equity groups in connection with a broad spectrum of transactions in the healthcare industry. Prior to joining Stout, Nick was a Partner at Healthcare Appraisers, Inc.



Dan Levin, CFA, ASA DIRECTOR

dlevin@stout.com
+1.303.566.3177

Dan Levin has been providing his clients with analysis and consultation in business valuation, intellectual property, litigation support, and healthcare provider compensation relationships since 2016. His experience includes working with healthcare organizations, attorneys, administrators, providers, developers, consultants, investment bankers, and private equity groups in connection with transactions in the healthcare industry. Many of the transactions he analyzes involve Stark, Anti-Kickback, IRC 501(c)(3), and/or other regulatory implications, which require analysis of fair market value and the determination of commercial reasonableness. Prior to joining Stout, Dan was a Director with HealthCare Appraisers, Inc. He also has previous experience in sell-side equity research providing investment analysis on publicly traded healthcare companies.

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- Pricing Disputes
- Representations & Warranties Opinions

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