



Healthcare M&A Quarterly Update

Q4 2024

Q4 2024 Healthcare Mergers and Acquisitions (M&A) Highlights

M&A Quarter Trends and Highlights

- ➔ There were 356 announced US transactions in Q4 2024, compared to 378 in the prior quarter. Significant deals in Q4 included Community Health System's (CHS's) divestiture of multiple hospital assets, including ShorePoint Health Port Charlotte, Lake Norman Regional Medical Center, and Merit Health Biloxi.
- ➔ Physician medical groups led the way, with 90 announced US transactions in the quarter, including Cardinal Health's acquisition of GI Alliance from Apollo Global Management. GI Alliance has more than 900 independent gastroenterologists, and 71% of the organization was purchased for \$2.8 billion.
- ➔ Total announced US healthcare transaction volume in 2024 was 1,511, down from 1,678 in 2023. Transaction counts decreased each quarter from Q2 2024 to Q4 2024.

Relevant ECG Thought Leadership



- [“Publicly Traded Hospital Quarterly Earnings Release: Q3 2024” \(ecgmc.com\).](#)
- [“Integration without Disintegrating Performance” \(ecgmc.com\).](#)
- [“Healthcare Upside/Down: Expanding Cancer Care with Oncology Partnerships” \(ecgmc.com\).](#)

Sources: *Becker's Hospital Review*, Cardinal Health press release, and LevinPro Healthcare M&A.

Note: Transaction volumes for prior quarters were not adjusted retroactively.

Notable Q4 2024 Transactions

AdventHealth Signs Definitive Agreement to Acquire ShorePoint Health Port Charlotte from CHS



Astrana Health to Acquire Select Assets from Prospect Health System for \$745 Million



Insight Health System Takes Over Trumbull Regional Medical Center and Hillside Rehabilitation Hospital from Steward Health Care



Novant Health Completes Acquisition of UCI Medical Affiliates from Blue Cross Blue Shield of South Carolina



Quarterly Spotlight: Key 2024 Closures

Hospital Closures

- At least 25 hospitals closed their doors in 2024. Approximately 15 different states experienced hospital closures throughout the year. Notably, Steward Health Care announced the closure of 5 hospitals in 2024 amid bankruptcy.
- Organizations have cited financial difficulties, especially expense inflation, as the reason for closure. Increases in staffing costs, including contract labor, have specifically been highlighted as a major difficulty. These operating expenses continue to outpace payer rate increases.

Q4 2024 Hospital Closures

December 2024: CapRock Health System Closed CapRock Hospital and Emergency Care Center in Texas



November 2024: Ascension and JV Partner Emerus Holdings Announce Plans to Close Micro-Hospital in Wisconsin



October 2024: Steward Health Care Announces Permanent Closure of Norwood Hospital and Affiliated Facilities in Massachusetts



Physician Practice and ASC Closures

- In 2024, 22 physician groups also announced closures, along with seven ASCs.
- Saltzer Health, an Idaho-based multispecialty group, closed in March 2024 citing ongoing financial and economic pressures that many systems across the country are facing. As explained in a statement released by the group, “Saltzer has faced significant financial pressures as the rising cost of providing care, driven by inflation, has increased since the pandemic.”

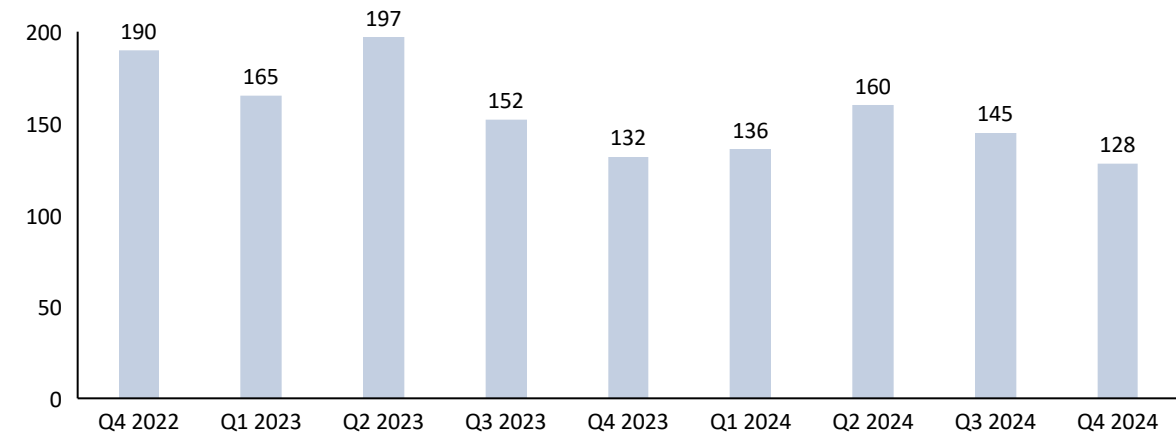
Sources: *Becker's Hospital Review*, Yahoo News, and Fierce Healthcare.

Private Equity in Healthcare

Private Equity Quarterly Synopsis

- In Q4 2024, there were 128 announced US healthcare private equity deals, down from 145 in the prior quarter. Within the quarter, there were multiple \$1 billion-plus transactions, including Francisco Partners' acquisition of AdvancedMD Software, a medical office software platform, for \$1.1 billion.
- Total announced US healthcare private equity deals in Q4 were the lowest of any quarter over the last two years. However, many expect an uptick in transaction volume in 2025.

Announced US Healthcare Private Equity Deals by Quarter



Significant Healthcare Private Equity Transactions: Q4 2024

Francisco Partners to Acquire AdvancedMD Software



Francisco Partners signed a definitive agreement to acquire the software platform from Global Payments for \$1.1 billion.

General Catalyst's Health Assurance Transformation (HATCo) to Acquire Summa Health



HATCo signed a definitive agreement to acquire Summa Health for \$485 million.

Martis Capital to Acquire Three Oaks Hospice

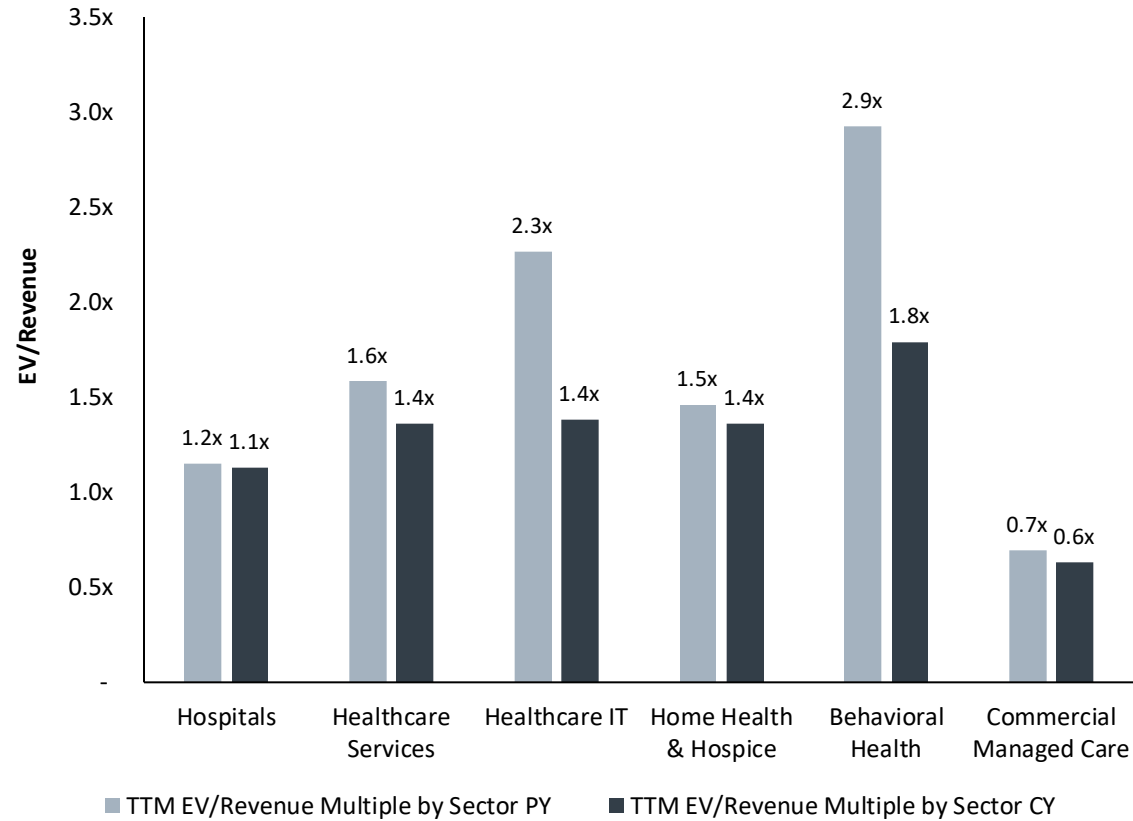


Martis Capital is acquiring the hospice operator from Petra Capital for \$150 million–\$160 million.

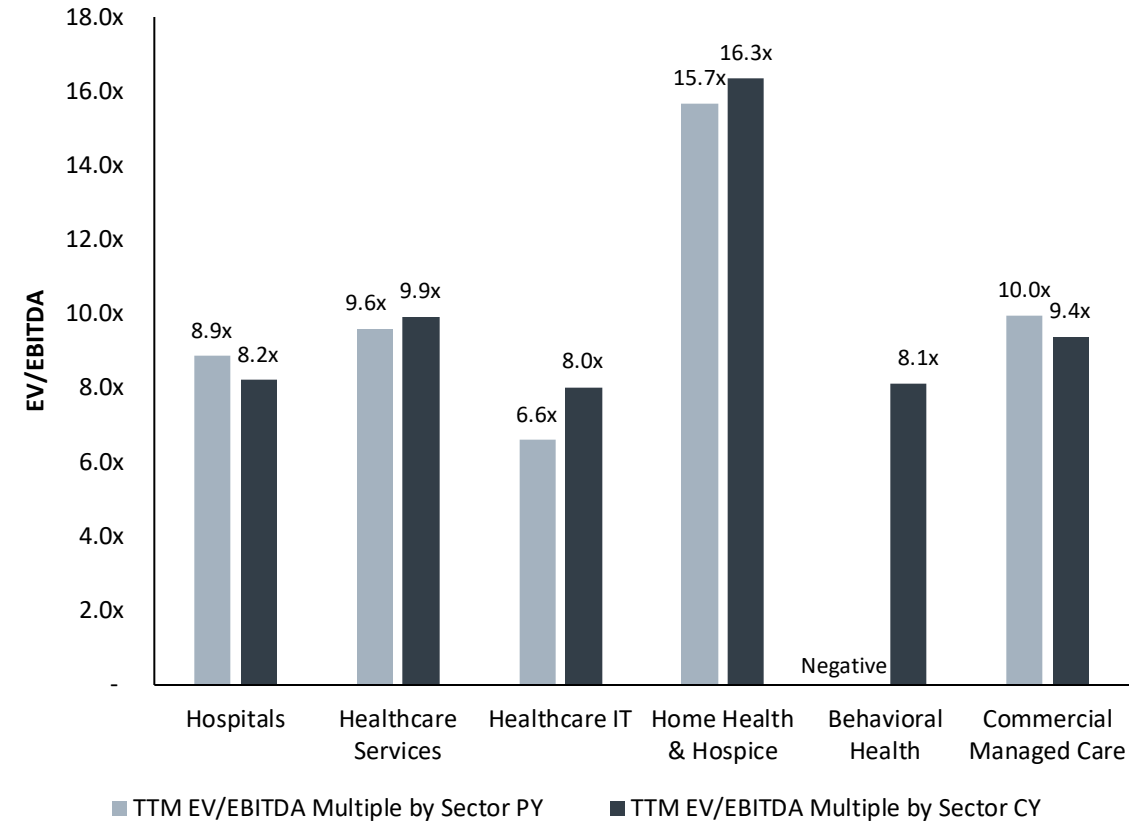
Sources: LevinPro Healthcare M&A, Healthcare Data Dive, and company press releases.
Note: Transaction volumes for prior quarters were not adjusted retroactively.

YOY TTM Revenue and EBITDA Medians by Sector

Q4 2024 TTM versus Q4 2023 TTM EV/Revenue



Q4 2024 TTM versus Q4 2023 TTM EV/EBITDA



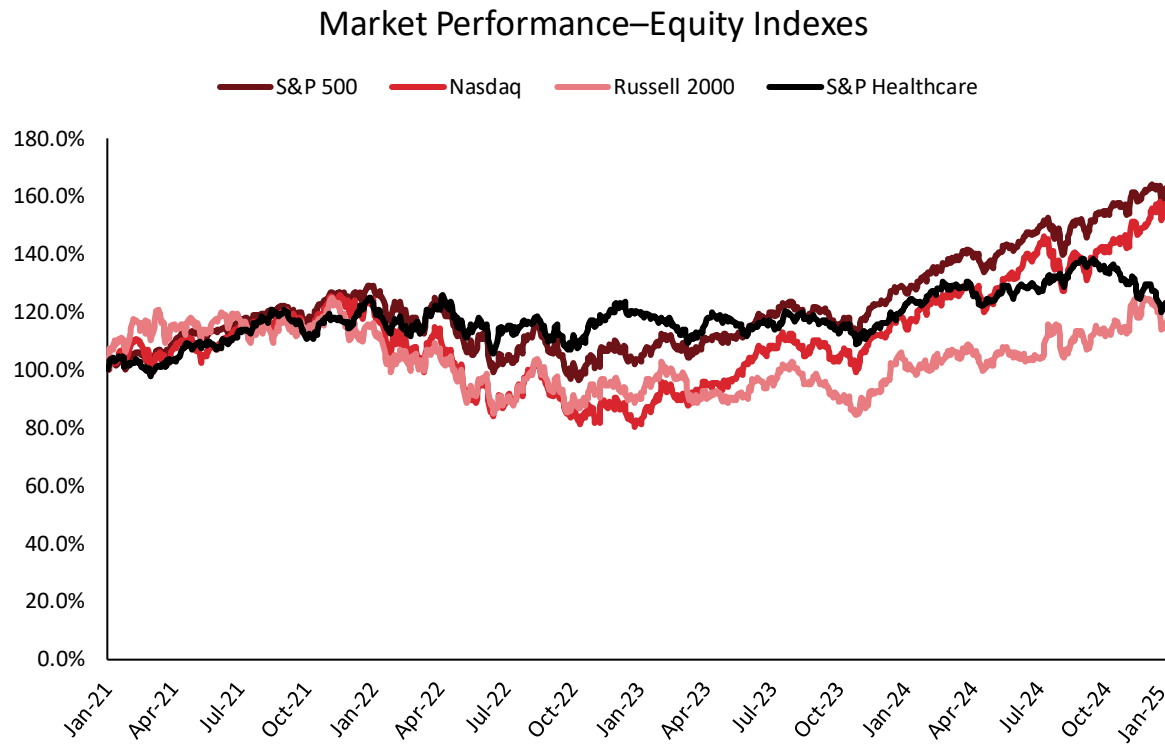
Source: S&P Capital IQ.

Notes: CY = current year; EV = enterprise value; PY = prior year; TTM = trailing 12 months; YOY = year over year. A list of companies included in each sector is shown at the end of this presentation. Comparisons reflect publicly available information as of January 2, 2025.

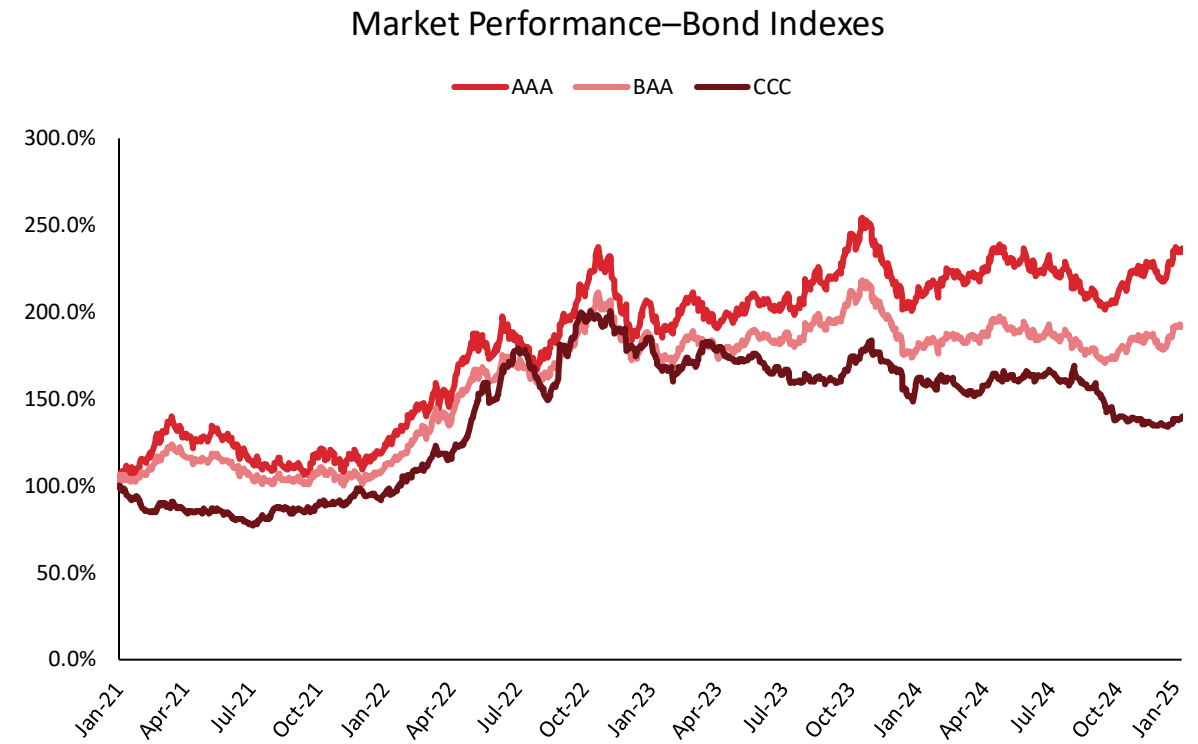
Equity and Bond Index Comparison

The S&P 500 and Nasdaq continue to outperform the S&P 500 Health Care Sector, while the overall market has seen a slight decline at the end of Q4 2024 after a high-growth year.

Equity Index Trend



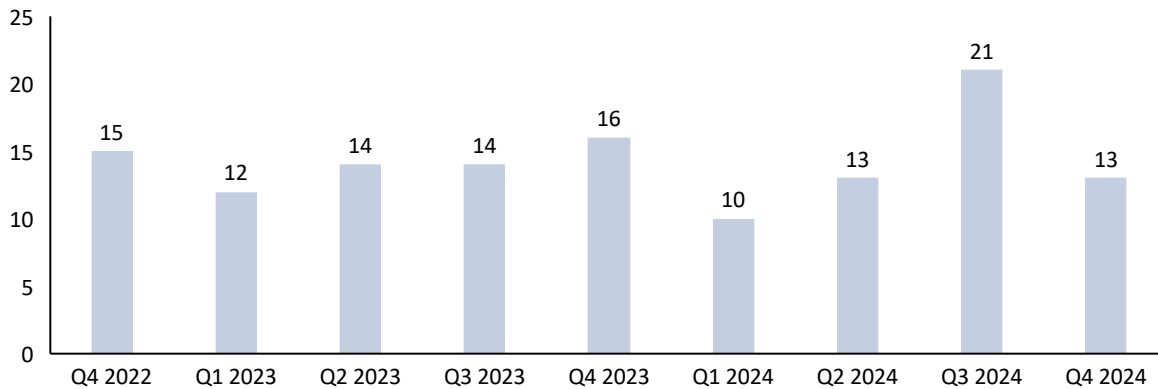
Bond Index Trend



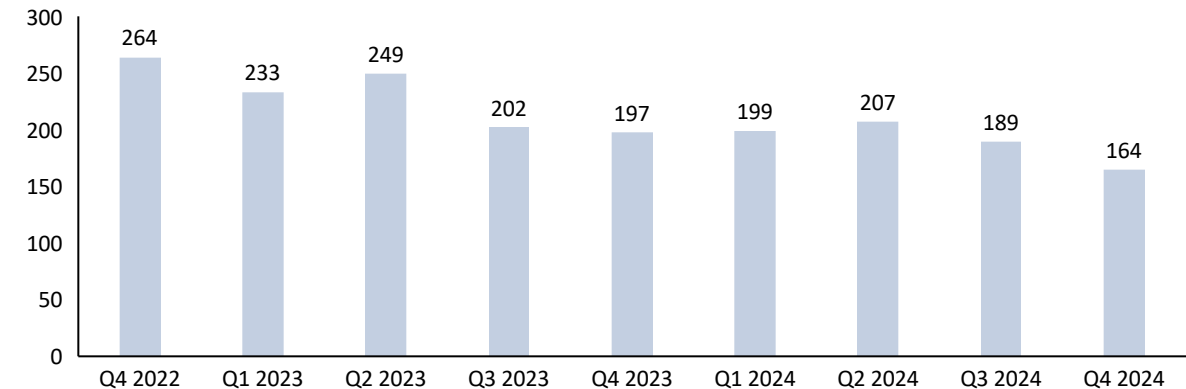
Sources: S&P Capital IQ and Federal Reserve Bank of St. Louis.

Quarterly Transaction Trends by Sector¹

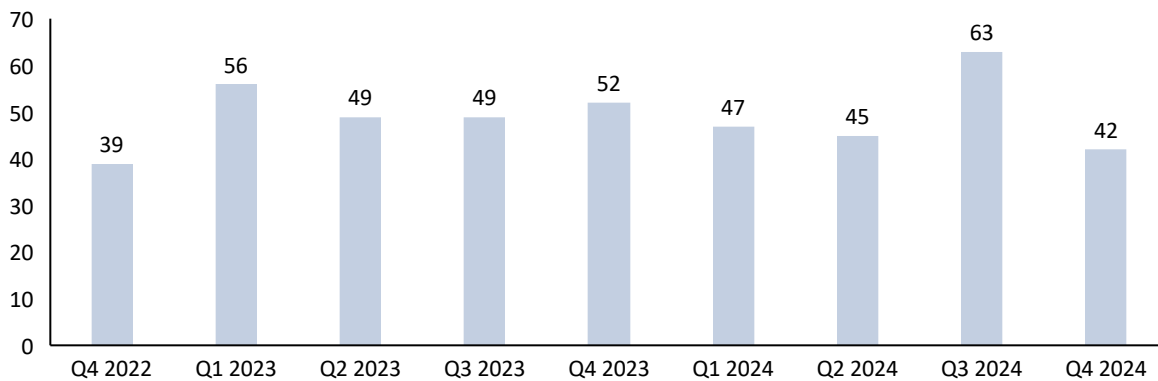
Hospitals



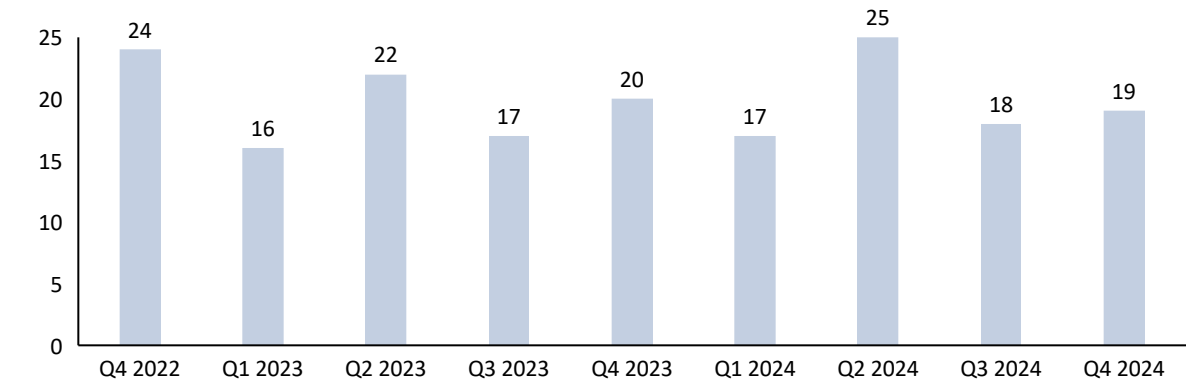
Healthcare Services



Health Tech



Home Health and Hospice

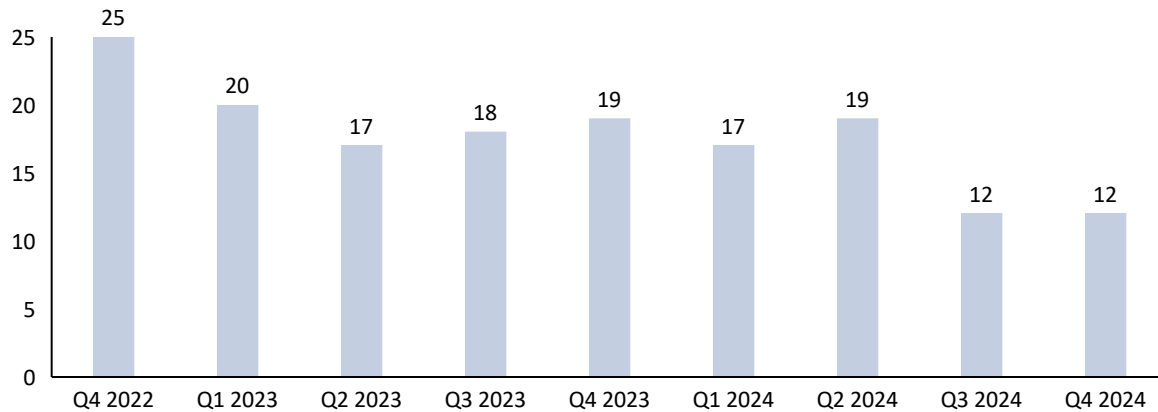


Source: LevinPro Healthcare M&A. Note: Transaction volumes for prior quarters were not adjusted retroactively.

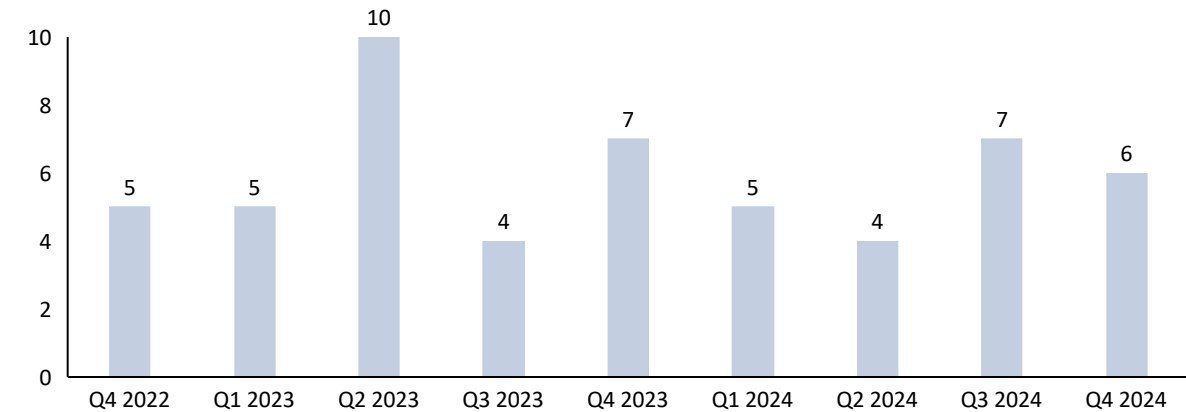
¹ Health services include deals in biotechnology, laboratories, MRA and dialysis, ACOs, ASCs, chiropractic, CROs, GPOs, health clinics, payments and billing, home equipment, infusion, occupational health, organ transplant, outpatient clinics, population health, primary and value-based care, specialty pharmacy, urgent care, pharmaceuticals, physician medical groups, and rehabilitation. All transaction counts sourced from LevinPro Healthcare M&A.

Quarterly Transaction Trends by Sector¹ *(continued)*

Behavioral Health



Managed Care



- ➔ Following a two-year high of 21 announced hospital transactions in Q3 2024, transaction volume decreased significantly, with 13 in Q4 2024.
- ➔ Home health and hospice was the only analyzed sector that experienced a quarter-over-quarter increase from Q3 2024 to Q4 2024. Healthcare services and behavioral health had the lowest transaction volume of any quarter over the last two years.

Source: LevinPro Healthcare M&A. Note: Transaction volumes for prior quarters were not adjusted retroactively.

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ECG Mergers, Acquisitions, and Partnerships (MAP) Team Leadership

From our more than five decades of experience, we have learned that successful problem-solving requires deep industry knowledge and expertise, rigorous data and analytics, strategic foresight, political and organizational savvy, and, most importantly, practical solutions that get implemented.



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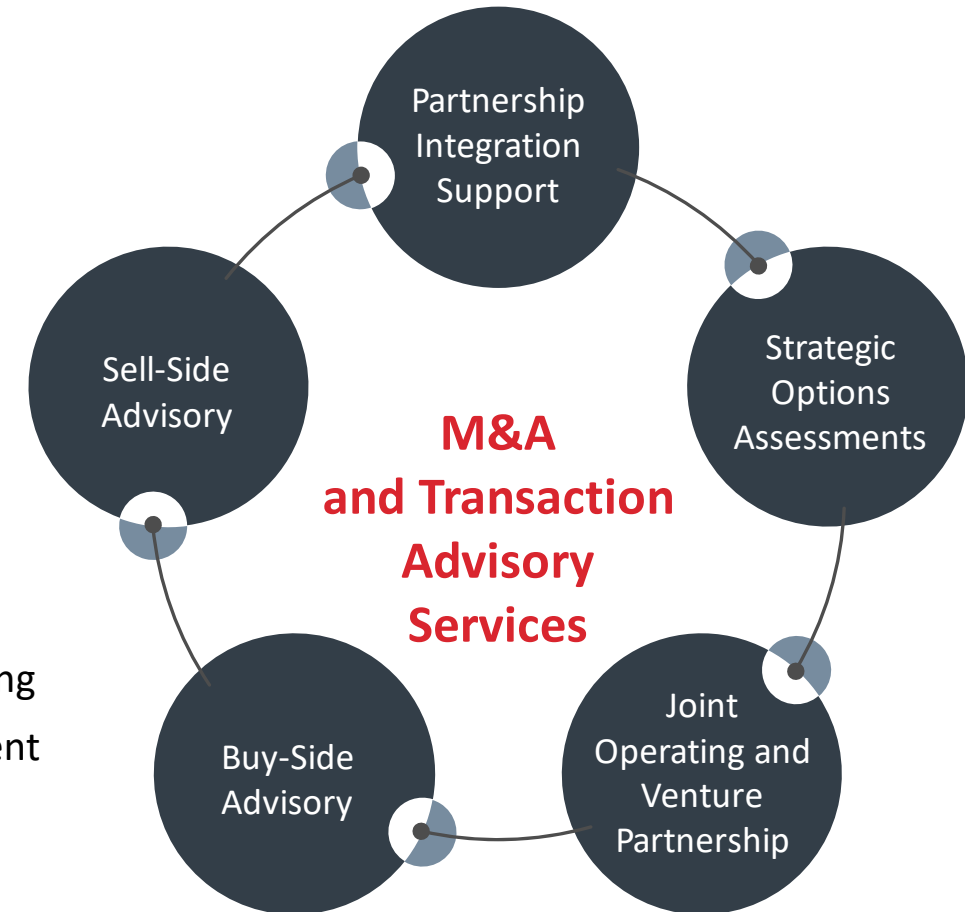
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ECG's M&A and Transaction Advisory Practice

ECG offers a broad range of M&A and partnership transaction advisory services to healthcare providers. As a leader in the industry, ECG provides specialized expertise to community hospitals, academic medical centers, health systems, medical groups, and physician enterprises as they seek strategic partners. Professionals at ECG can provide guidance from the commencement of a transaction through integration.

Specific Areas of Expertise

- Transaction planning and coordination
- Transaction structuring and governance
- Letter of Intent development and negotiation
- Definitive agreement negotiation
- Business, asset, and contract valuation
- RFP development and response
- Partner solicitation and market making
- Due diligence and financial assessment
- Posttransaction integration
- Fair market value and fair value opinions



Selected Companies by Sector

Hospitals

HCA Healthcare (HCA), Tenet Healthcare Corporation (THC), Community Health Systems (CYH), and Universal Health Services (UHS)

Healthcare Services

Enzo Biochem (ENZ), Exact Sciences Corporation (EXAS), Laboratory Corporation of America Holdings (LH), Myriad Genetics (MYGN), NeoGenomics (NEO), Quest Diagnostics (DGX), CareCloud (CCLD), Ontrak (OTRK), SHL Telemedicine (SHLTN), Teladoc Health (TDOC), Veradigm (MDRX), Welltower (WELL), Acadia Healthcare Company (ACHC), Amedisys (AMED), Community Health Systems (CYH), DaVita (DVA), Encompass Health Corporation (EHC), Fresenius Medical Care AG (FMS), HCA Healthcare (HCA), Pediatrix Medical Group (MD), National HealthCare Corporation (NHC), Select Medical Holdings Corporation (SEM), Surgery Partners (SGRY), Tenet Healthcare Corporation (THC), the Ensign Group (ENSG), GoodRx Holdings (GDRX), and Universal Health Services (UHS)

Healthcare IT

Accolade (ACCD), Veradigm (MDRX), CareCloud (CCLD), Certara (CERT), TruBridge Inc. (TBRG), the Craneware Group (CRW), Definitive Healthcare (DH), Doximity (DOCS), Evolent Health (EVH), Health Catalyst (HCAT), Healthcare Triangle Inc. (HCTI), HealthStream (HSTM), NantHealth Inc. (NHIQ), National Research Corporation (NRC), NextGen Healthcare (NXGN), Omnicell (OMCL), OptimizeRx Corporation (OPRX), Phreesia (PHR), Premier Inc. (PINC), R1 RCM (RCM), Streamline Health Solutions (STRM), and Tabula Rasa HealthCare (TRHC)

Home Health and Hospice

Addus HomeCare Corporation (ADUS), Amedisys (AMED), Aveanna Healthcare Holdings (AVAH), Brookdale Senior Living (BKD), Chemed Corporation (CHE), InnovAge Holding (INNV), LHC Group (LHCG), ModivCare (MODV), Option Care Health (OPCH), the Pennant Group (PNTG), and Sonida Senior Living (SNDA)

Behavioral Health

Acadia Healthcare Company (ACHC), LifeStance Health Group (LFST), and Accolade (ACCD)

Commercial Managed Care

Humana (HUM), Cigna (CI), UnitedHealth Group (UNH), Progyny (PGNY), Alignment Healthcare (ALHC), and Elevance Health (ELV)