

# Healthcare M&A Quarterly Update

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Q1 2025

# Q1 2025 Healthcare Mergers and Acquisitions (M&A) Highlights

## M&A Quarter Trends and Highlights

- ➔ There were 364 announced US transactions in Q1 2025, compared to 356 in the prior quarter. Significant deals in Q1 included private equity-backed Sycamore Partners' acquisition of Walgreens for more than \$10 billion and Sanford Health and Marshfield Clinic's merger to create a 56-hospital system.
- ➔ Physician medical groups led the way with 92 announced US transactions in the quarter, including McKesson Corporation's acquisition of 180-provider PRISM Vision Holdings for approximately \$850 million.
- ➔ Despite total announced US healthcare transaction volumes being higher than in the prior quarter, the seven hospital transactions announced in Q1 were the lowest volume of transactions in at least two years. Expected regulatory changes related to the payer landscape have been cited as a potential driver for low volumes.

## Relevant ECG Thought Leadership

- [“Healthcare Upside/Down: Maintaining Health System Independence While Creating Financial and Operational Scale” \(ecgmc.com\).](#)
- [“Top Advice: How Leading Health System Executives Are Overcoming Post-Merger Integration Challenges” \(ecgmc.com\).](#)
- [“A Strategic Approach to Maximizing Value through Cancer Partnerships and Affiliations” \(ecgmc.com\).](#)

## Notable Q1 2025 Transactions

Sycamore Partners to Acquire  
Walgreens Boots Alliance for More  
Than \$10 Billion



Prime Healthcare to Acquire Central  
Maine Healthcare



Sanford Health and Marshfield  
Clinic Complete Merger



Santa Clara County Acquires San  
Jose's Regional Medical Center from  
HCA Healthcare for \$150 Million



# Quarterly Spotlight: Home Health and Hospice

## Overview of Q1 2025 Home Health Activity

- ➔ In Q1 2025, there were 26 announced US home health and hospice transactions compared to 17 in Q1 2024. Quarterly transaction volumes were the highest they have been in the past two years. Elevated deal flow is expected to continue throughout 2025.
- ➔ Major national players such as the Pennant Group are continuing to make significant acquisitions in the home health space. Pennant acquired Signature Healthcare at Home's Washington and Idaho assets in August 2024 and certain Signature Healthcare at Home Oregon assets in January 2025 and has recently acquired assets in Arizona from a senior living community.

## Notable 2025 Home Health Transactions

MN-Based St. Croix Hospice Acquires Mayo Clinic's MN Hospice Operations and IA-Based Hospice of Siouxland



The Pennant Group Acquires an Established Senior Living Community in Arizona



Peak Rock Capital Affiliate Acquires BrightStar Group Holdings, a Franchisor of Home Care Services with Over 400 Agencies



## 2025 Home Health and Hospice Trends

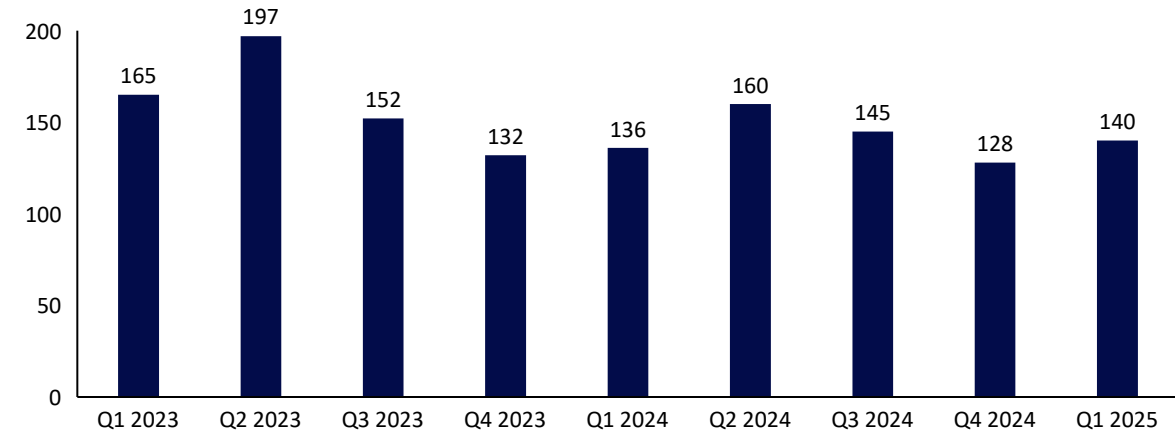
- ➔ Similar to other healthcare sectors, home health faces financial difficulties relating to labor costs and reimbursement rates. The aging population is expected to amplify labor shortages.
- ➔ Although the sector is facing challenges, technological advancements are enhancing patient care. The continued rise of virtual care is increasing efficiency, and innovative solutions including wearable devices and artificial intelligence continue to transform the industry.

# Private Equity in Healthcare

## Private Equity Quarterly Synopsis

- ➔ In Q1 2025, there were 140 announced US healthcare private equity deals, up from 128 in the prior quarter. In addition to the Walgreens transaction, there were multiple private equity transactions in the quarter worth over \$1 billion.
- ➔ While healthcare private equity transaction volume has increased since the prior quarter, regulatory uncertainty continues to limit deal flow. For example, states such as Massachusetts are expanding the regulation of healthcare private equity investments.

## Announced US Healthcare Private Equity Deals by Quarter



## Significant Healthcare Private Equity Transactions: Q1 2025

### Clearlake Capital to Acquire Majority Stake in ModMed



Clearlake Capital's investment in the healthcare SaaS platform was valued at \$5.3 billion.

### Court Square Capital Partners and WindRose Health Investors to Acquire Soleo Health



The two private equity firms have agreed to pay \$1.1 billion to acquire Soleo Health.

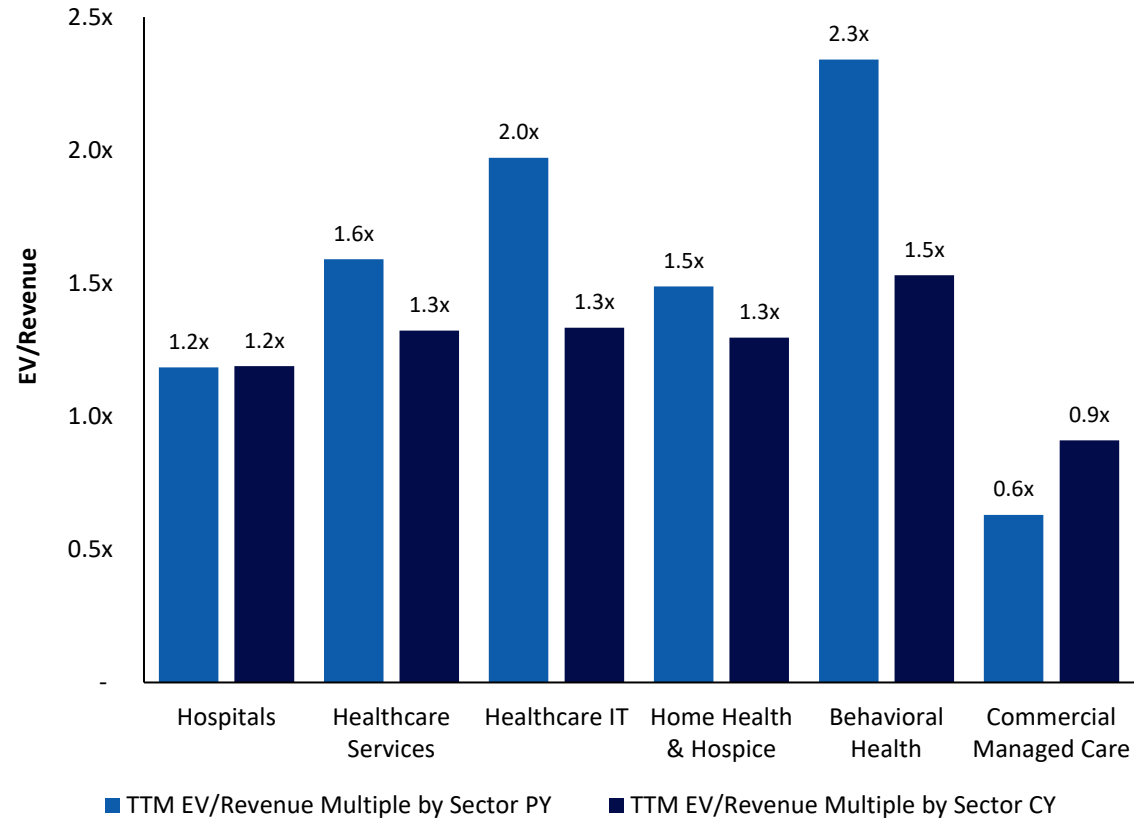
### PSG Invests \$80 Million in Core Sound Imaging



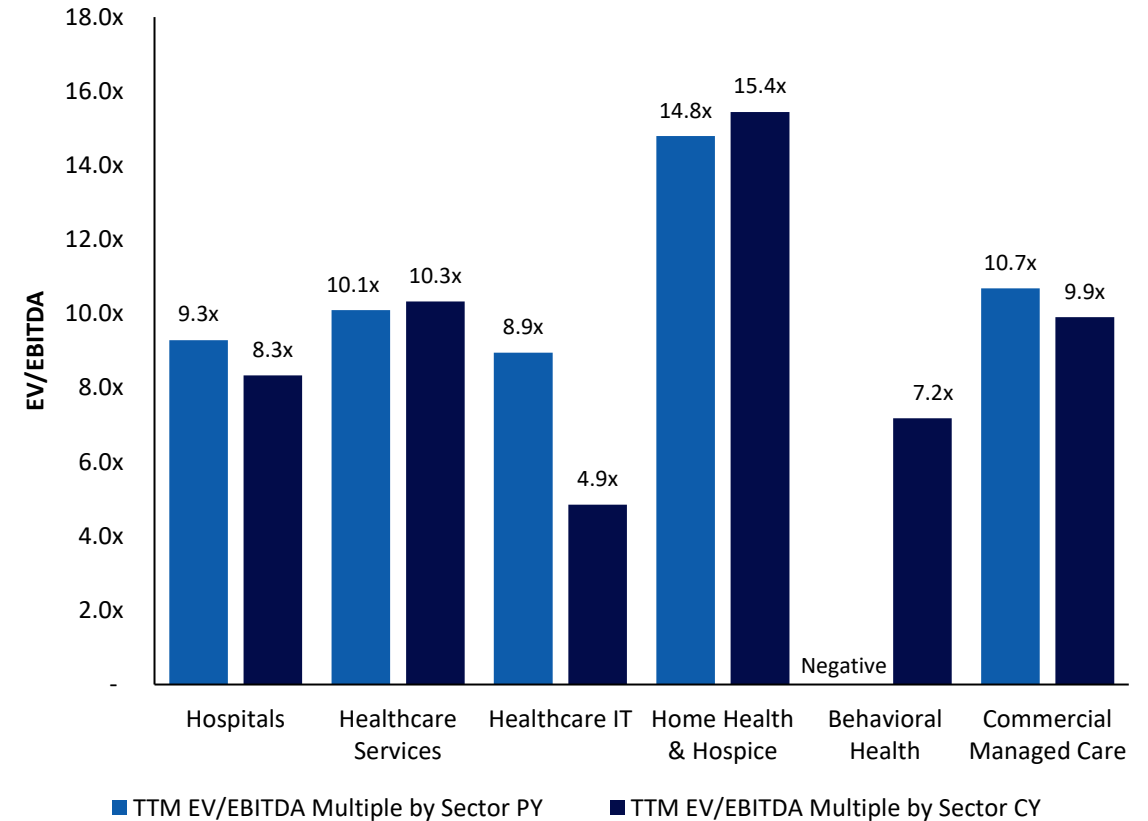
The growth investment is related to Studycast, Core Sound's cloud-based medical imaging platform.

# YOY TTM Revenue and EBITDA Medians by Sector

## Q1 2025 TTM Versus Q1 2024 TTM EV/Revenue



## Q1 2025 TTM Versus Q1 2024 TTM EV/EBITDA



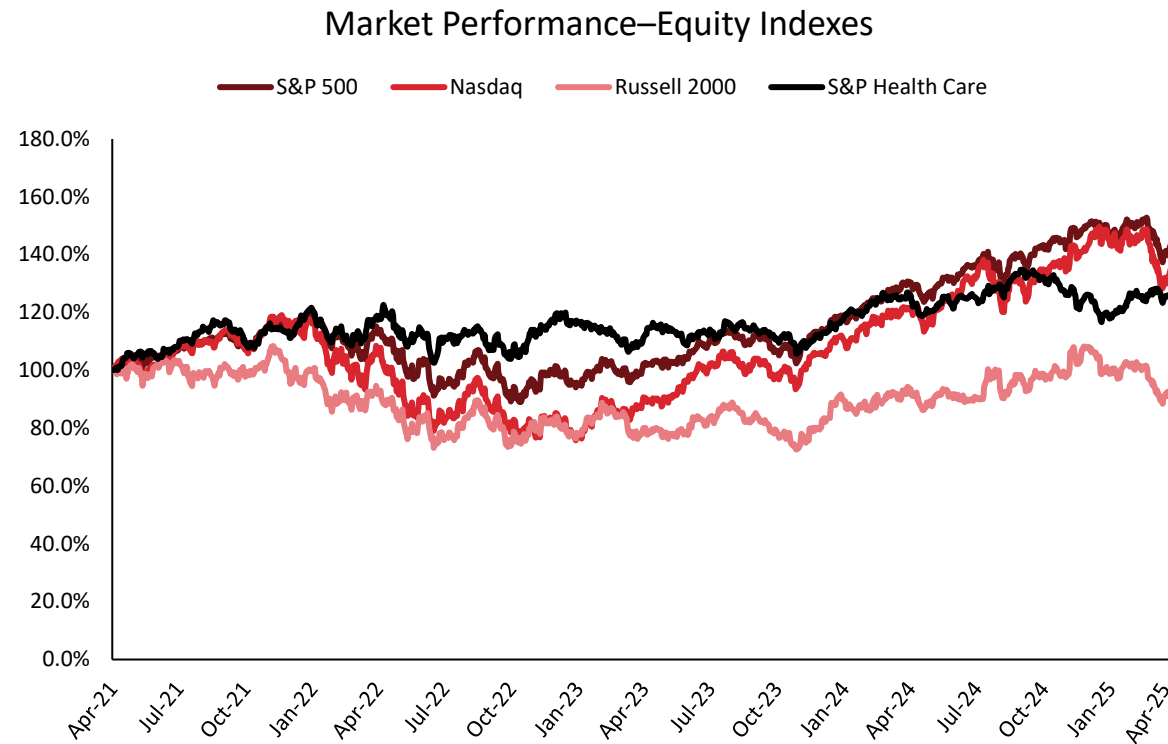
Source: S&P Capital IQ.

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 April 1, 2025.

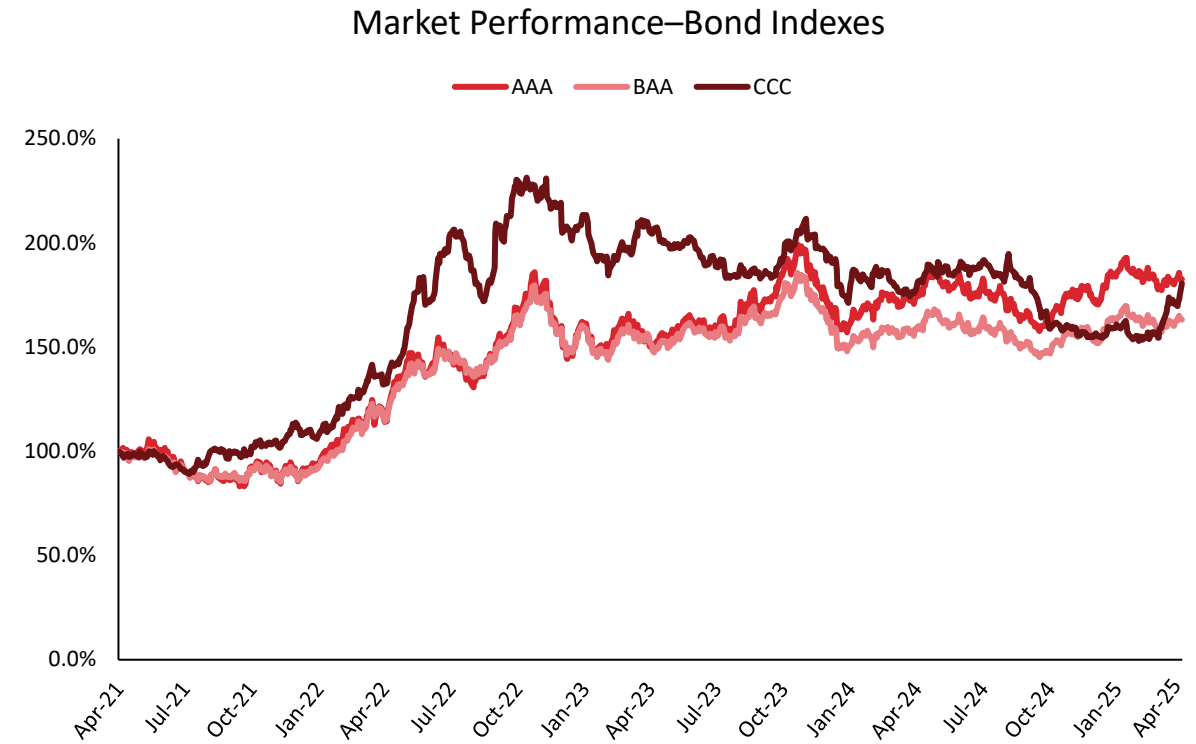
# Equity and Bond Index Comparison

The S&P 500 and Nasdaq continue to outperform the S&P 500 Health Care Sector, while the overall market has seen the declining trend from Q4 2024 continue into Q1 2025.

## Equity Index Trend



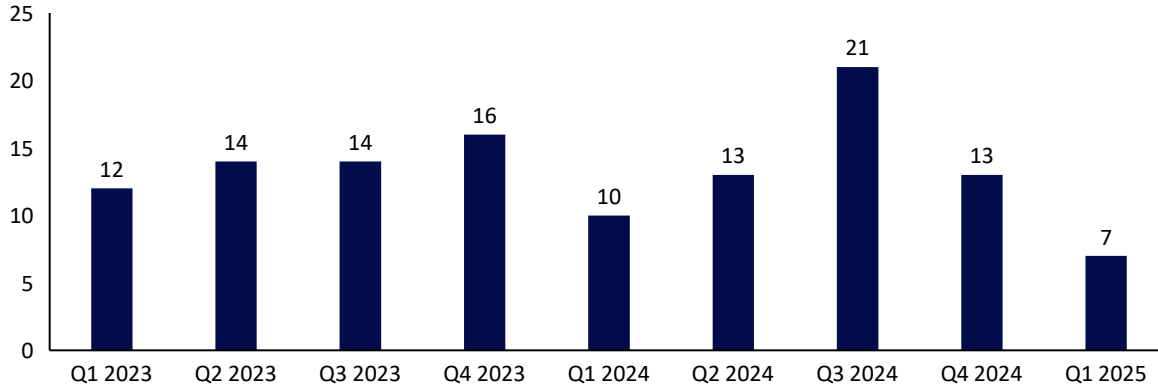
## Bond Index Trend



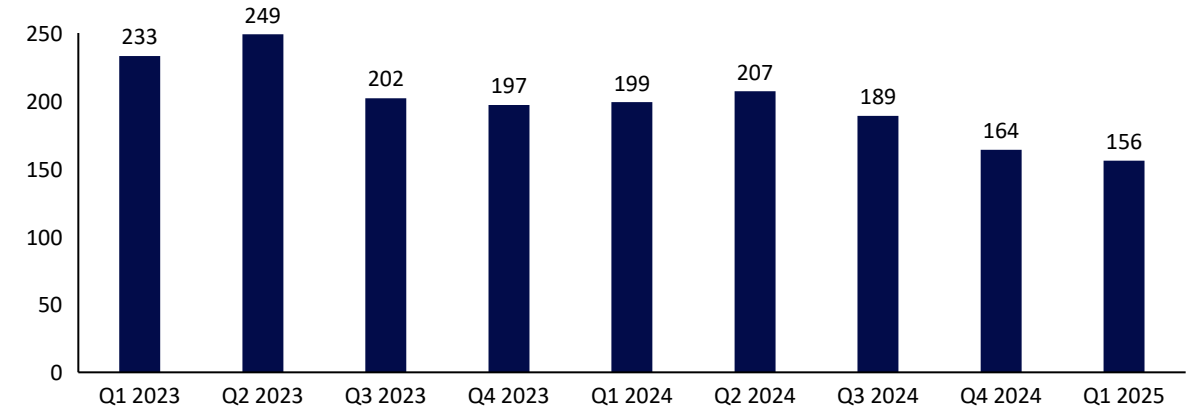
Sources: S&P Capital IQ and Federal Reserve Bank of St. Louis.

# Quarterly Transaction Trends by Sector<sup>1</sup>

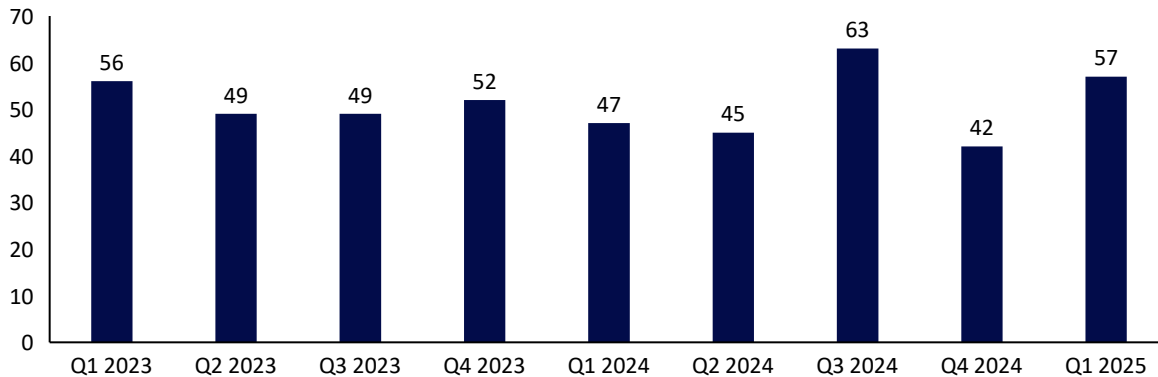
## Hospitals



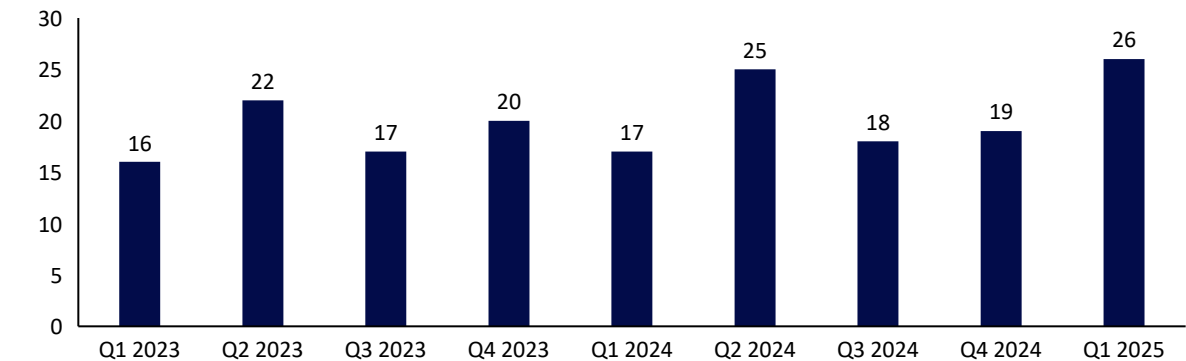
## Healthcare Services



## Health Tech



## Home Health and Hospice

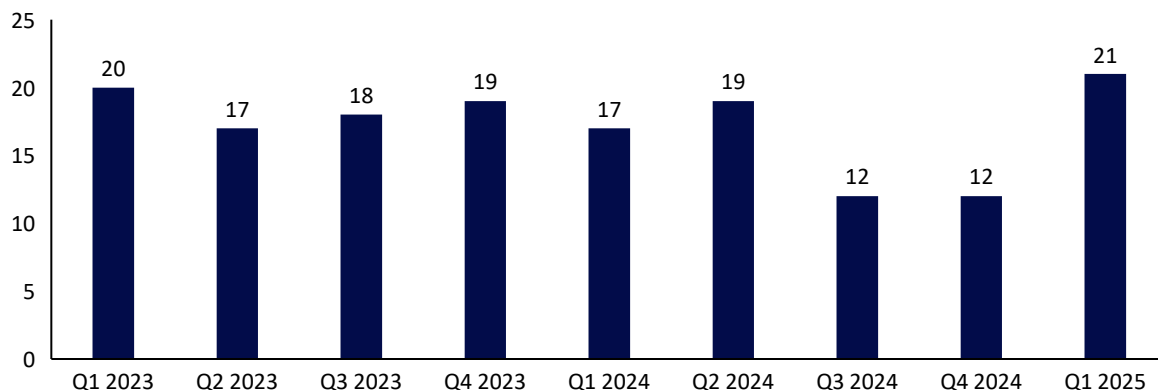


Source: LevinPro Healthcare M&A. Note: Transaction volumes for prior quarters were not adjusted retroactively.

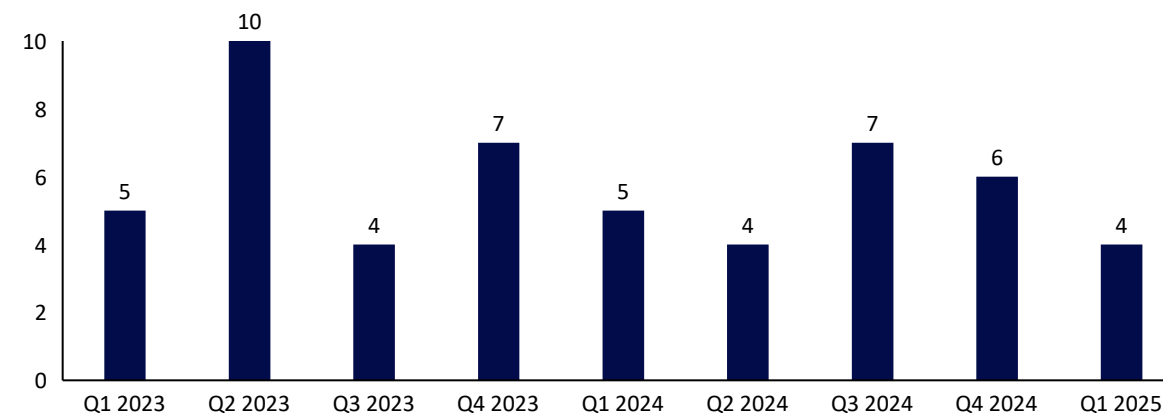
<sup>1</sup> Health services include deals in biotechnology, laboratories, MRA and dialysis, ACOs, ASCs, chiropractic, CROs, GPOs, health clinics, payments and billing, home equipment, infusion, occupational health, organ transplant, outpatient clinics, population health, primary and value-based care,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

# Quarterly Transaction Trends by Sector<sup>1</sup> *(continued)*

## Behavioral Health



## Managed Care



- ➔ Announced US hospital transactions in Q1 2025 were the lowest of any quarter over the last two years. Managed care transactions in the quarter matched the lowest they have been during the same period.
- ➔ The home health and hospice and behavior health sectors saw elevated transaction counts, reaching levels not seen over the last two years.

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

<sup>1</sup> 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.



# ECG Mergers, Acquisitions, and Transactions 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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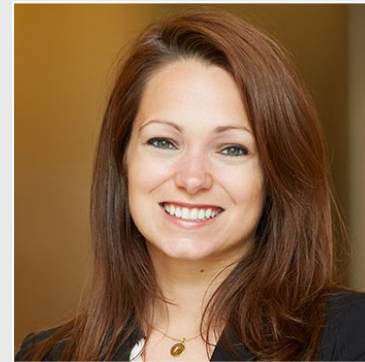
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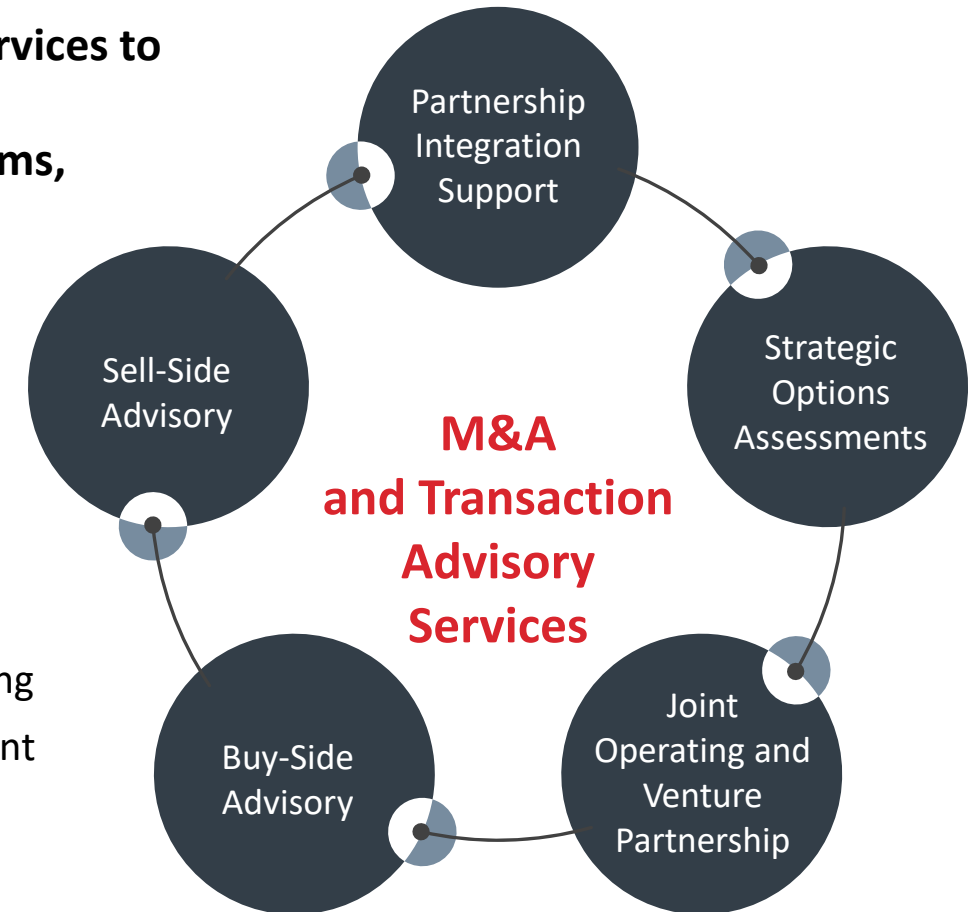
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# ECG's M&A and Transaction Advisory Practice

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)