HEALTHCARE | **DECEMBER 2025**

Healthcare M&A Outlook: A Stronger 2026

Healthcare M&A remained strong in 2025, supported by improving capital markets and renewed private equity exit activity. Investors favored scalable platforms with recurring revenue and margin expansion potential. Momentum is expected to continue into 2026, driven by demographic tailwinds, valuation opportunities, and technology-enabled growth.

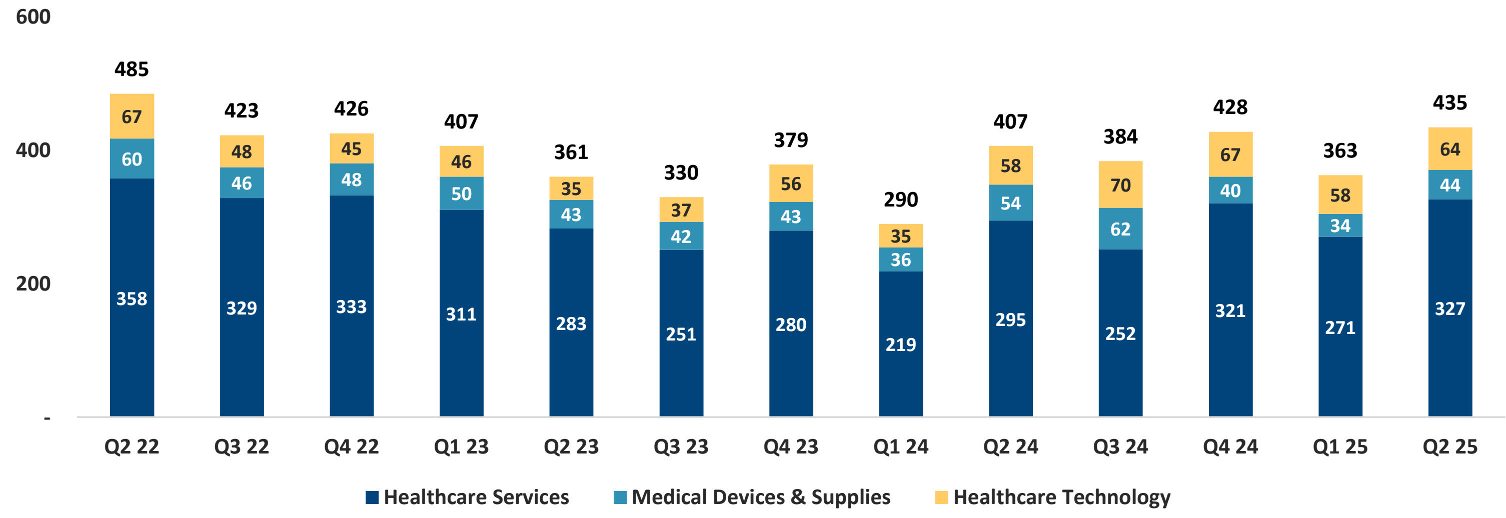
Behavioral health continued to outperform the broader healthcare services market, driven by rising demand for autism and IDD services, substance use treatment, and general mental health care. Investors prioritized providers with in-network payer relationships, scalable outpatient or community-based delivery models, and strong clinical retention. The sector's recurring demand profile and fragmentation supported elevated platform creation and steady add-on activity.

Physician specialties, particularly dental, dermatology, ENT, orthodontics, and ophthalmology, remained a core consolidation theme. Private equity-backed platforms emphasized growth through add-on acquisitions, operational integration, and technology adoption to improve efficiency and prepare for future exit opportunities.

Revenue cycle management also saw sustained M&A interest as providers sought to reduce administrative costs and improve collections. Investors favored tech-enabled platforms with automation, analytics, and outsourced billing capabilities that deliver measurable financial impact for healthcare providers. The shift to value-based reimbursement are expected to support continued demand for outsourced RCM solutions.

Despite reimbursement pressures and staffing shortages, healthcare services remained resilient in 2025. Looking ahead to 2026, declining interest rates, improved exit conditions, and large stores of dry powder are expected to support a healthy transaction environment across the healthcare industry.

Healthcare M&A Transactions by Sector, by Quarter



Sources: Pitchbook

Noteworthy Transactions

Date: November 2025	Overview / Strategic Rationale:	Behavioral Health

Target: BestMind Behavioral Health

Acquirer: Axis Integrated Mental Health

Axis Integrated Mental Health, a premier mental health clinic in Colorado, has acquired BestMind Behavioral Health.

- *BestMind Behavioral Health is a Colorado based provider of mental health treatments focused on therapy for depression.*
- *The acquisition strengthens Axis's ability to deliver high-quality, scalable care across the state while enhancing operational efficiencies and expanding access to both general and specialized behavioral health services.*

Date: May 2025	Overview / Strategic Rationale:	Physician & Dental

Target: Sitwell Dental

Acquirer: Salt Dental Collective; Latticework Capital Management; Resolute Capital Partners

Salt Dental Collective, a portfolio company of Latticework Capital Management and Resolute Capital Partners, has acquired Sitwell Dental.

- *Founded in 2018 by Drs. John and Tiffany O'Brien, Sitwell Dental has quickly grown into a trusted provider of comprehensive family and specialty dental services, with nine doctors operating across four clinical locations in Albany, Clifton Park, Malta, and Saratoga Springs, along with one support hub.*
- *The acquisition significantly expands Salt Dental Collective operations positioning them to be the leading Dental Services Organization (DSO) while expanding their geographic footprint to 20 states.*

Date: August 2025	Overview / Strategic Rationale:	Revenue Cycle Management

Target: agshealth

Acquirer: Blackstone

Blackstone, a global private equity firm, has acquired AGS Health.

- *AGS Health delivers tech-enabled revenue cycle management services for hospitals and physician groups, using analytics and automation to improve billing accuracy and collections.*
- *Blackstone's investment is expected to accelerate AGS Health's growth by expanding its AI-driven RCM platform, enhancing efficiency for healthcare providers, and strengthening its position in the outsourced revenue cycle services market.*

Date: September 2025	Overview / Strategic Rationale:	Medical Equipment and Supplies

Target: isto Biologics

Acquirer: Keensight Capital

Keensight Capital, a European growth equity firm, has acquired Isto Biologics.

- *Isto Biologics develops and manufacturers advanced bone graft products and allografts used in spine and orthopedic procedures.*
- *This partnership brings Keensight's deep expertise in MedTech and global growth strategies to Isto Biologics's innovative product portfolio, positioning the company for accelerated expansion.*

Sources: CapIQ, Company Filings, Pitchbook, News Releases

Sector Profile | Behavioral Health

The behavioral health sector remained a top-performing category in 2025, supported by greater access to mental health resources, expanded insurance coverage, and rising consumer awareness. Demand continued to grow across therapy, psychiatry, and outpatient counseling, with utilization increasing across all age groups.

Autism and IDD services were a primary driver of sector growth, benefiting from earlier diagnosis, rising prevalence, and strong payer support for ABA therapy and related interventions. The market's fragmented provider base and recurring, needs-driven demand profile continued to attract buyers.

Investors prioritized platforms with clinical depth, operational scale, and in-network payer relationships. Models that leverage outpatient, hybrid, and community-based delivery remained especially attractive because they expand access while controlling costs.

Looking ahead to 2026, favorable demand trends, supportive reimbursement, and a steady flow of investible platforms are expected to sustain strong valuations and elevated transaction volume across behavioral health.

Key Industry Players by Primary Sub-Sector

Substance Use Order

- ACADIA Healthcare
- BayMark Health Services
- BHG behavioral health group
- Community Medical Services
- The Hope House
- Nystrom & Associates
- Pinnacle Treatment Centers
- Your Behavioral Health

General Mental Health

- ARC Health
- Author Health
- Beacon Behavioral Partners
- Deep Eddy Psychotherapy
- Hightop Health
- Mindpath Health
- PAX Health
- Transformations Care Network

Autism & IDD

- ABA Connect
- ACES
- CSD Autism Services
- Ensemble Therapy
- Gracent
- New Story
- BlueSprig
- Trillium Health Resources

Recent Industry Transactions

Date	Target	Acquirer	Target Description
Behavioral Health			
11/4/2025	BestMind Behavioral Health	Axis Integrated Mental Health	BestMind Behavioral Health is a provider of behavioral and mental health treatment services focused on therapy for depression
10/27/2025	Pediatric Advanced Therapy	Frontline Healthcare Partners	Pediatric Advanced Therapy is a provider of pediatric clinic services to guide and assist children
10/17/2025	BeMe Health	Hazel Health	BeMe Health is a developer of mental health application designed for teens to improve emotional well-being
9/25/2025	Modern Recovery Network	BrentCare Behavioral Health	Modern Recovery Network is a provider of comprehensive mental health treatment services for both adults and adolescents
9/8/2025	Bespoke Treatment	Stella Mental Health	Bespoke Treatment is a premier mental health treatment center for individuals

Sources: Pitchbook

Sector Profile | Physician & Dental

The physician and dental services sector showed strong growth in 2025, driven by aging demographics, rising outpatient volumes, and increasing consumer demand for elective and preventive care. Specialty practices and consolidated platforms continued to attract investment due to scalable models and high-margin opportunities.

Ophthalmology remained a key focus, with steady demand for cataract and macular degeneration treatments. Practices benefit from recurring patient volumes and attractive revenue streams.

Dental services saw accelerated consolidation through DSOs, supporting administrative efficiency and practice growth. Orthodontics and pediatric dentistry were among the fastest-growing segments, alongside sustained demand for general and cosmetic dentistry.

Medical aesthetics expanded rapidly, driven by cash-pay procedures such as Botox, dermal fillers, and laser treatments. Consolidation enabled practices to scale while improving operational efficiency and patient experience.

Growth is expected to continue through 2026, supported by demographic trends, technology adoption, and scalable practice models.

Key Industry Players by Primary Sub-Sector

Dental

- AspenDental
- Dental365
- MB2 Dental
- Smile Doctors
- the Smilist
- Southern Orthodontic Partners
- Specialized Dental Partners
- U.S. Oral Surgery Management

Eye

- AEG Vision
- Ascend Vision Partners
- Eye Health America
- EyeCare Partners
- EyeSouth Partners
- SightMD
- Prism Vision Group
- Vision Integrated Partners

Medical Aesthetics

- AMP Advanced Medaesthetic Partners
- Empower Aesthetics
- Inspire Aesthetics
- Milan Laser Hair Removal
- Pinnacle Dermatology
- Premier Plastic Surgery Partners
- SEV
- V/O med spa

Recent Industry Transactions

Date	Target	Acquirer	Target Description
Physician & Dental Services			
10/9/2025	Haven Dental	Lumio Dental	Haven Dental is a provider of dental services focused on oral health solutions
9/25/2025	Whispering Point Ophthalmology	Mercy Health Systems	Whispering Point Ophthalmology is an operator of ophthalmology clinics
9/16/2025	Gerlein Orthodontics	Southern Orthodontic Partners	Gerlein Orthodontics is an operator of an orthodontist support platform for orthodontists
7/15/2025	NewView Eye Center	ReFocus Eye Health	NewView Eye Center is an operator of an eye care center designed to preserve and enhance vision
5/30/2025	Sitwell Dental	Salt Dental Collective	Sitwell Dental is a provider of comprehensive dental care services including general, cosmetic, and implant dentistry

Sources: Pitchbook

Sector Profile | Revenue Cycle Management

Revenue cycle management continues to undergo transformation as automation and system integrations reshape the financial operations of healthcare organizations. With rising reimbursement pressure and increasing administrative costs, providers are modernizing RCM workflows to improve speed and profitability.

Automation and Application Program Interface (APIs) now enable real-time eligibility checks, claims validation, and automated payment posting, reducing manual labor and denial-related revenue loss. What once relied heavily on outsourced billing teams is increasingly being replaced with scalable, tech-enabled solutions. Adoption continues to accelerate; about 46% of hospitals and health systems are already using AI in their RCM workflows, reflecting a rapid shift toward automation-driven revenue optimization.

M&A activity remains strong as investors pursue RCM platforms with AI-driven claims, robotic process automation, and machine-assisted coding. Financial sponsors favor companies with integrated APIs, recurring revenue, and the ability to support high-volume and specialized care settings. Looking into 2026, expanding system integration across EHR, practice management, and payer systems will reduce administrative costs and strengthen cash flow, positioning tech-enabled RCM providers for continued growth.

Key Industry Players by Primary Sub-Sector

Enterprise Solutions

Tech-Enabled

Claims & Billing

Recent Industry Transactions

Date	Target	Acquirer	Target Description
Revenue Cycle Management			
9/29/2025	Precision Practice Management	Vee Healthtek	Precision Practice Management is a provider of medical billing and revenue cycle management services for healthcare organizations
9/5/2025	Code Quick	Sustainable Medical Billing	Code Quick is a provider known for its expertise in billing, coding, and revenue cycle solutions
8/6/2025	AGS Health	Blackstone	AGS Health is a developer of technology-enabled revenue cycle management platform
7/17/2025	DoctorPapers	TechMatter	DoctorPapers is a provider of medical billing and collection services for urgent care clinics and specialty clinics
7/1/2025	Etyon	VisiQuate	Etyon is an AI-powered RCM machine learning and advanced data tokenization healthcare technology provider

Sources: Pitchbook, American Health Association

Sector Profile | Medical Equipment & Supplies

The medical equipment and supplies sector demonstrated resilient performance in 2025, supported by steady procedure volumes, continued growth in outpatient and ambulatory care settings, and sustained demand for disposable and single-use clinical products. Demand remained consistent across both capital equipment and recurring consumables, with stronger growth concentrated in products tied to chronic care management, minimally invasive procedures, and home-based patient support.

Innovation and commercialization continued to accelerate as OEMs invested in device miniaturization, connected monitoring, robotics, advanced materials, and data-enabled feedback loops. Consumable and disposable product lines benefited from heightened infection-control standards and clinician preference for single-use sterile solutions.

Looking ahead to 2026, strong demographic tailwinds, continued technology advancement, and durable multi-channel demand across hospital, ambulatory, and home-care settings are expected to support sustained growth and investor interest. Platforms that demonstrate regulatory excellence, product innovation, and recurring revenue economics are positioned to outperform as the sector evolves toward smarter, more connected, and cost-efficient medical device ecosystems.

Key Industry Players by Primary Sub-Sector

Consumable Products

Equipment

OEM/Contract Manufacturing

Recent Industry Transactions

Date	Target	Acquirer	Target Description
Medical Equipment and Supplies			
10/31/2025	Precera Medical	SK Capital Partners	Precera Medical is a manufacturer of orthopedic and surgical implants for bone surgeries
10/8/2025	Minnetronix Medical	IntriCon	Minnetronix Medical is a manufacturer of medical devices that specializes in ventricular assist devices, ultrasound and blood pumping.
9/16/2025	Isto Biologics	Keensight Capital	Isto Biologics is a manufacturer of orthobiologic medical devices that support bone healing and orthopedic procedures
9/11/2025	Nexus Medical	Avanos Medical	Nexus Medical is a manufacturer of needleless connectors and IV extension sets used in intravenous therapy
8/14/2025	ReShape Lifesciences	Vyome Therapeutics	Reshape Lifesciences Inc is a medical device company focused on technologies to treat obesity and metabolic diseases

Sources: Pitchbook, American Health Association

Regulatory and Reimbursement Challenges in Healthcare: Implications for Mergers and Acquisitions

As of late 2025, the healthcare industry in the United States faces a rapidly evolving regulatory and reimbursement environment. These changes have significant implications for healthcare organizations, especially those navigating mergers and acquisitions (M&A). Recent developments in policy and regulation have introduced new complexities, requiring industry professionals to adapt their strategies to ensure both compliance and financial sustainability.

Current Regulatory Challenges

The regulatory landscape has been marked by increased scrutiny from federal and state agencies. In July 2025, the Centers for Medicare & Medicaid Services (CMS) introduced new compliance measures targeting data interoperability and patient privacy. As one recent report notes, "Healthcare organizations are now required to demonstrate real-time data exchange capabilities or face substantial penalties"[1]. This mandate has forced many organizations to invest heavily in technology upgrades and compliance audits, increasing operational costs and extending due diligence timelines during M&A transactions.

In addition to federal oversight, state-level review of healthcare transactions has also intensified in 2025. Many states have implemented stricter review processes for mergers, acquisitions, and other significant healthcare transactions, often requiring pre-approval from state health departments or attorneys general. These enhanced state reviews are designed to evaluate the potential impact on competition, patient access, and community health outcomes. As a result, healthcare organizations must now navigate a patchwork of state regulations, which can introduce additional uncertainty and extend transaction timelines. This increased state scrutiny demands careful planning and thorough documentation to address concerns related to market concentration and service continuity.

Reimbursement Issues

Reimbursement policies have also undergone significant changes. The shift toward value-based payment models continues to accelerate, with CMS implementing new performance metrics tied to patient outcomes and cost efficiency. As stated in an August 2025 analysis, "Providers must now navigate a reimbursement framework that prioritizes quality over quantity, fundamentally altering revenue streams for many organizations"[2]. This transition impacts financial projections and can influence the attractiveness of potential acquisition targets.

Private payers have followed suit, updating their reimbursement structures to align with federal guidelines. These changes have introduced variability in revenue cycles, making financial forecasting more challenging for both acquirers and targets. Uncertainty around future reimbursement rates can lead to more conservative valuations and the inclusion of earn-out provisions in deal agreements.

Impact on Healthcare M&A

The combined effect of regulatory and reimbursement challenges has reshaped the M&A landscape. Organizations are increasingly conducting regulatory risk assessments and financial due diligence prior to executing Letters of Intent. The need to comply with new regulations and adapt to evolving reimbursement models has led to longer deal timelines and more complex transaction structures.

Furthermore, strategic considerations such as geographic diversification and service line expansion are now weighed against potential regulatory hurdles. As a September 2025 industry survey highlights, "Executives cite regulatory unpredictability and reimbursement volatility as the top two factors influencing M&A decision-making in 2025"[3]. This environment favors larger, well-capitalized organizations capable of absorbing compliance costs and adapting to policy changes, while smaller entities may struggle to remain competitive.

Conclusion

In summary, the healthcare sector's regulatory and reimbursement landscape has become increasingly complex in late 2025. Enhanced data interoperability requirements, stricter regulations, and ongoing shifts toward value-based reimbursement have led to greater caution in deal structuring and valuation, underscoring the need for robust due diligence and strategic planning. Looking ahead, adaptability and proactive risk management will be essential for healthcare organizations seeking to thrive in this dynamic environment.

Footnotes

1. Health IT Policy Update, July 2025.
2. Value-Based Care in Practice, August 2025.
3. Healthcare M&A Survey Results, September 2025.

Public Company Comparable Index Constituents

Healthcare Providers

Company Name	Enterprise Value (EV)	LTM Margins Gross	LTM Margins EBITDA	EBITDA LTM	EBITDA 2025E	EV/EBITDA LTM	EV/EBITDA 2025E	Revenue LTM	Revenue Growth LTM	Revenue Growth 3-Yr. CAGR	Stock Price	% of 52 Wk High
Community Health Systems, Inc.	$ 12,159	41.9%	11.4%	$ 1,447	$ 1,526	7.0x	8.0x	$ 12,644	0.7%	0.9%	$ 3.70	79.7%
HCA Healthcare, Inc.	155,995	41.4%	20.3%	15,101	15,485	9.6x	10.1x	74,372	6.8%	7.5%	471.36	98.6%
Pediatrix Medical Group, Inc.	2,016	25.8%	13.4%	258	274	6.9x	7.4x	1,922	-4.2%	-0.6%	21.82	97.5%
Surgery Partners, Inc.	8,224	23.9%	20.5%	674	556	10.8x	14.8x	3,288	10.1%	10.4%	21.61	67.8%
Tenet Healthcare Corporation	32,843	41.1%	21.4%	4,471	4,519	6.4x	7.3x	20,846	-0.6%	3.1%	204.19	93.9%
UnitedHealth Group Incorporated	350,829	19.7%	6.7%	29,242	26,170	11.6x	13.5x	435,159	10.5%	11.4%	321.56	51.0%
Median		**33.4%**	**16.9%**	2,959	3,023	**8.3x**	**9.0x**	16,745	**3.8%**	**5.3%**	113.01	86.8%
Mean		**32.3%**	**15.6%**	8,532	8,088	**8.7x**	**10.2x**	91,372	**3.9%**	**5.5%**	174.04	81.4%

Medical Equipment & Supplies

Company Name	Enterprise Value (EV)	LTM Margins Gross	LTM Margins EBITDA	EBITDA LTM	EBITDA 2025E	EV/EBITDA LTM	EV/EBITDA 2025E	Revenue LTM	Revenue Growth LTM	Revenue Growth 3-Yr. CAGR	Stock Price	% of 52 Wk High
Becton, Dickinson and Company	$ 69,377	45.9%	25.8%	$ 5,635	$ 6,177	12.3x	11.2x	$ 21,840	8.2%	5.0%	$ 177.39	70.4%
Henry Schein, Inc.	13,092	31.2%	7.8%	1,011	1,100	11.3x	11.9x	12,938	3.5%	0.9%	70.06	84.9%
Masimo Corporation	8,000	49.3%	8.8%	193	471	36.9x	17.0x	2,182	38.5%	7.7%	143.84	73.8%
Medtronic plc	136,247	65.4%	27.6%	9,446	9,973	14.0x	13.7x	34,200	5.0%	3.3%	90.06	90.6%
Stryker Corporation	149,095	65.0%	27.0%	6,592	7,042	22.0x	21.2x	24,381	11.0%	10.8%	353.81	87.1%
Median		**49.3%**	**25.8%**	5,635	6,177	**14.0x**	**13.7x**	21,840	**8.2%**	**5.0%**	143.84	84.9%
Mean		**51.4%**	**19.4%**	4,575	4,953	**19.3x**	**15.0x**	19,108	**13.2%**	**5.5%**	167.03	81.4%

Support Service Providers

Company Name	Enterprise Value (EV)	LTM Margins Gross	LTM Margins EBITDA	EBITDA LTM	EBITDA 2025E	EV/EBITDA LTM	EV/EBITDA 2025E	Revenue LTM	Revenue Growth LTM	Revenue Growth 3-Yr. CAGR	Stock Price	% of 52 Wk High
Astrana Health, Inc.	2,050	10.3%	3.4%	98	220	17.9x	9.3x	2,896	68.2%	40.5%	33.36	54.8%
Cardinal Health, Inc.	51,628	3.7%	1.5%	3,544	3,542	13.8x	14.6x	234,310	4.4%	7.8%	197.99	98.9%
Option Care Health, Inc.	5,252	19.4%	7.3%	401	470	11.9x	11.2x	5,530	15.8%	12.9%	27.04	76.1%
The Pennant Group, Inc.	1,149	20.4%	6.0%	51	73	10.7x	15.9x	847	29.9%	22.6%	23.75	69.3%
Median		**14.8%**	**4.7%**	250	345	**12.8x**	**12.9x**	4,213	**22.8%**	**17.7%**	30.20	72.7%
Mean		**13.4%**	**4.5%**	1,024	1,076	**13.6x**	**12.7x**	60,896	**29.6%**	**20.9%**	70.54	74.8%

Behavioral Health

Company Name	Enterprise Value (EV)	LTM Margins Gross	LTM Margins EBITDA	EBITDA LTM	EBITDA 2025E	EV/EBITDA LTM	EV/EBITDA 2025E	Revenue LTM	Revenue Growth LTM	Revenue Growth 3-Yr. CAGR	Stock Price	% of 52 Wk High
Acadia Healthcare Company, Inc.	$ 4,371	41.8%	19.2%	$ 627	$ 674	6.5x	6.5x	$ 3,266	4.6%	8.9%	$ 20.26	43.0%
Universal Health Services, Inc.	19,533	43.6%	15.0%	2,555	2,598	7.2x	7.5x	16,993	10.2%	8.7%	226.39	99.2%
Median		**42.7%**	**17.1%**	1,591	1,636	**6.9x**	**7.0x**	10,129	**7.4%**	**8.8%**	123.33	71.1%
Mean		**42.7%**	**17.1%**	1,591	1,636	**6.9x**	**7.0x**	10,129	**7.4%**	**8.8%**	123.33	71.1%

Source: CapIQ, public trading data as of November 6, 2025

Representative EdgePoint Healthcare Transactions

Fechner MD Plastic Surgery & Medical Spa *has been acquired by* APDerm

Visonex *has been acquired by* The Brydon Group

Jeffrey Epstein, MD, FACS Hair Restoration Expert; Anthony Bared, M.D., F.A.C.S. Rhinoplasty & Hair Restoration *have been acquired by* Inspire Aesthetics *a portfolio company of* Hidden Harbor Capital Partners

The Spiegel Center; Blackhawk Plastic Surgery & Medspa; Face Body *have combined to form* Premier Plastic Surgery Partners *in partnership with* Corbel Capital Partners

St Johns Vein center *has been acquired by* Pivotal Healthcare Partners *a portfolio company of* Ashlar Capital

opi; SCC Surgical Care Center; LVC *have been acquired by* Sunvera *a portfolio company of* Ridgemont Equity Partners

Northeast Health Services, LLC *has been acquired by* Shore Capital Partners

Silicon Valley TMS *has been acquired by* R

For more information and insights, please contact us:

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