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Contents

Key takeaways	1
PE update	2
Appendix	5

INDUSTRY RESEARCH

Q2 2025 Healthcare Services PE Update

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Key takeaways

- Although saying healthcare services dealmaking is rebounding would be premature, sector dealmaking has stabilized, and the most pessimistic scenarios for 2025 appear increasingly unlikely.
- The second quarter was marked by volatility as April’s “Liberation Day” tariffs and June’s passage of the One Big Beautiful Bill Act—featuring Medicaid cuts and stricter eligibility rules—sparked concerns over rising uninsured rates amid mounting pressure on provider margins.
- Resisting political pressure, the US Federal Reserve announced at its July 30 meeting that it would hold the course on interest rates. Investors have largely looked past interest rates as a key “go/no go” factor, as rates are likely to remain in a narrow range over the medium term.
- State regulation dynamics have replaced national-level concerns for PE sponsors, as a wave of state legislation led by Oregon’s recently passed SB 95 signals a growing trend of aggressive state-level oversight, with similar efforts emerging in Massachusetts, Washington, and Pennsylvania.
- Top deals in Q2 included PE growth investments in Radiology Partners (\$232 million) and Help at Home. Exit momentum also remained strong, with 15 PE exits recorded in the quarter—bringing the trailing twelve-month total to over 80.
- YTD, the hottest areas of deal activity have been home-based care (33 deals), dental (three deals), and veterinary (27 deals). Mental health has also been a key investment subsector, with 23 deals to date, led by debt financings for LifePoint and Behavioral Health Group.

Click [here](#) to download our healthcare services taxonomy, which includes definitions, key investment drivers, and sector risks. Download the complete Excel dataset, including deal activity charts for over 60 segments and subsegments, [here](#).

In case you missed it, explore our other recently published reports:



Recap of the Healthcare Capital Markets & Innovation Summit

Download the report [here](#)



Q1 2025 Healthcare Services PE Update

Download the report [here](#)



Q4 2024 Healthcare Services PE Update

Download the report [here](#)

PE update

Healthcare services PE deal count by quarter



Source: PitchBook • Geography: US and Canada • As of June 30, 2025

The “sluggish start” to PE healthcare services dealmaking that we noted in our Q1 update has evolved into slow but steady activity—below last year’s levels but far from a collapse. As deals have continued to be disclosed for the Q1 period, YTD PE activity has not been as weak as we initially feared. Dealmaking is roughly keeping pace with 2024, although the year is still on track to mark the fourth consecutive annual decline in deal count. A standout transaction during the period was AmSurg’s \$3.9 billion acquisition by Ascension Health; meanwhile, the sector’s IPO drought persisted, with no major listings YTD.

The One Big Beautiful Bill Act (OBBA) was signed into law on July 4. Despite some modest wins for the healthcare industry—including formally establishing a dependent care flexible savings account and the return of first-dollar telehealth—passage of this bill is undoubtedly a net negative for the US healthcare sector writ large. The combination of Medicaid funding cuts, stricter work requirements, and reduced Affordable Care Act subsidies is expected to drive a sharp increase in the number of Americans without health insurance. Downstream, providers will face a rise in uncompensated care, adding pressure to hospitals and health systems already operating on thin margins. It’s worth noting, however, that individuals with the lowest expected care needs are most likely to opt out of higher-priced marketplace plans. As a result, while the total number of insured may decline, overall demand for care is not expected to fall meaningfully.

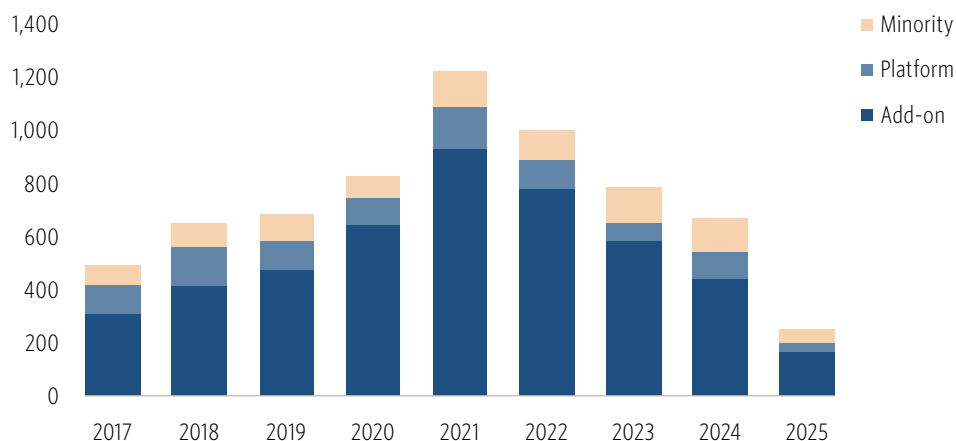
While insurance coverage losses and funding to support rural hospitals dominated headlines, the bill also includes other provisions relevant to the healthcare services sector. It incentivizes the growth of direct primary care (DPC), which is now accessible to individuals with health savings accounts (HSAs). DPC allows employers to pay a fixed rate to provide care access for the employees and families

they insure. This emerging category is explored more deeply in our [Q4 2024 Analyst Note: Investable Strategies in Direct Primary Care](#). The OBBB also expanded HSA eligibility to individuals enrolled in bronze or catastrophic plans on state exchanges (although this population may lack the financial wherewithal to fully benefit from the tax advantages these accounts offer).

At the [Healthcare Capital Markets Summit](#), held in Columbus on May 28-29, sentiment reflected a cautious but pragmatic deal environment. Panelists noted that “all the ‘-ologies’ have stabilized,” with recurring mentions of revenue cycle management, infusion, medspa, behavioral health, and home-based care as active subsectors. Attendees were in agreement that valuations broadly remain far from their peaks, yet competition for top-tier assets remains fierce, sustaining premium multiples for A-level assets.

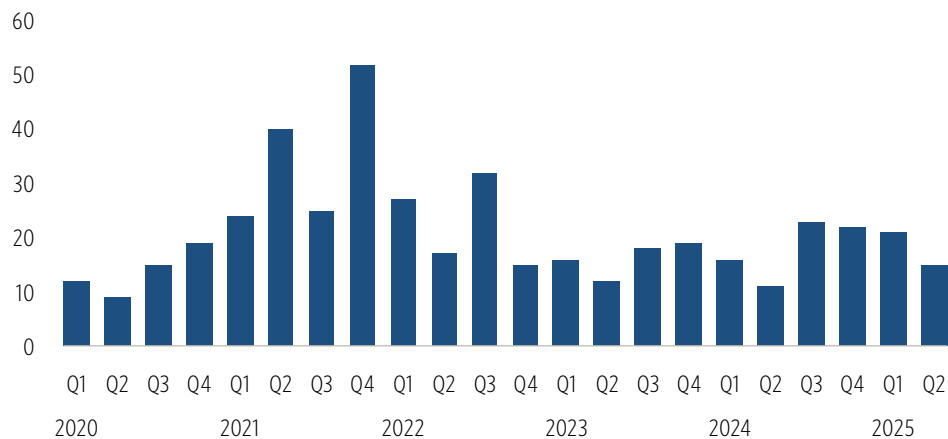
In the public markets, healthcare service firms had a mixed showing in H1 2025 as policy shifts and tariff shocks led to renewed volatility. April’s Liberation Day announcements triggered a sharp equity pullback, although major indexes later rallied to new record highs from improving macro data and trade progress. Broadly, care delivery firms proved relatively resilient, driven by healthcare’s non-cyclical demand and minimal reliance on imports. Insurers, by contrast, have faced material challenges: The OBBB Act’s Medicaid cuts, elevated care utilization trends, and the rollback of pandemic-era subsidies have left payors exposed to smaller, higher-acuity risk pools. Centene’s recent 40% valuation decline following its withdrawn guidance—and UnitedHealth Group’s share price drop, driven by billing scrutiny, elevated medical costs, and leadership turnover—have underscored the sector’s vulnerability.

Healthcare services PE deal count by type



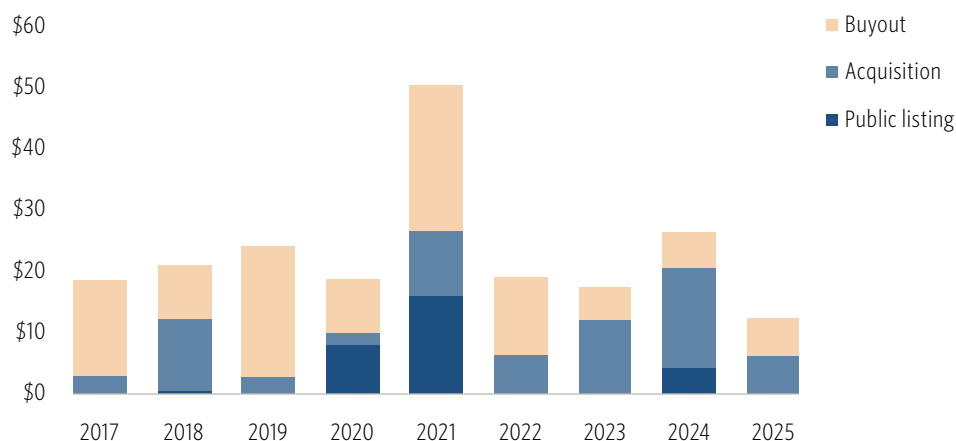
Source: PitchBook • Geography: US and Canada • As of June 30, 2025

Healthcare services PE exit count by quarter



Source: PitchBook • Geography: US and Canada • As of June 30, 2025

Healthcare services PE exit value (\$B) by type



Source: PitchBook • Geography: US and Canada • As of June 30, 2025

Other highlights from the quarter:

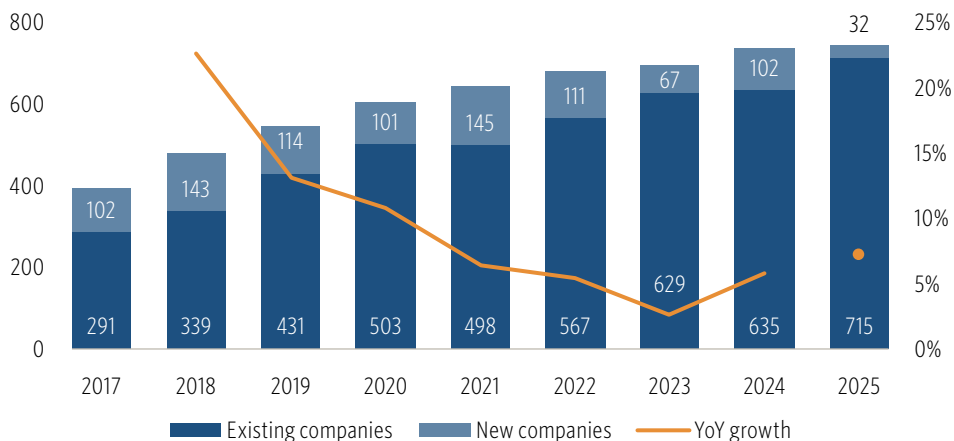
- Bain Capital's bid for Surgery Partners fell through, as the ambulatory surgery center rejected its unsolicited offer. Still, Bain will remain Surgery Partners' largest shareholder, holding 39% of shares—and longer-term, we see a strong possibility the parties will eventually reach an agreement on valuation and close a deal.
- Medication assisted treatment provider BayMark is getting shopped by Webster Equity, marking the second attempt at an exit after a paused sale process in 2019. Webster has held the firm since 2015, and with a 10-year hold approaching, a deal appears more likely this time around.
- Kohlberg Kravis Roberts sold 7.5% of its stake in BrightSpring Health Service, netting \$304.5 million in the open-market transaction. Meanwhile, Guardian Pharmacy Services raised \$157.5 million in a follow-on public offering, selling 7.5 million shares at \$21 each—a 50% step-up from its September 2024 IPO.

- ## Appendix

A map of the United States illustrating the geographic distribution of the three major religious groups. Protestant states (dark blue) include Washington, Oregon, California, Nevada, New Mexico, Minnesota, Illinois, Indiana, New York, and Massachusetts. Catholic states (medium blue) include California, Nevada, New Mexico, Texas, Florida, and New York. Jewish states (orange) include Texas, Florida, New York, and New Jersey. The map uses a color-coded system to show the concentration of each religion across the country.

Source: [Ropes & Gray](#) ▪ Geography: Global ▪ As of July 14, 2025
 Note: The laws highlighted in the map represent those that require the review of health care transactions that historically fell outside of review by states under facility licensure, certificate of need, non-profit, and insurance laws. These laws do not include state review processes focused solely on M&A involving licensed in-state hospitals.

North America healthcare services PE company inventory



Source: PitchBook • Geography: US and Canada • As of June 30, 2025

Most acquisitive PE-backed healthcare services platforms since 2021

Platform name	Add-on count
Southern Veterinary Partners	143
Specialized Dental Partners	55
Smile Doctors	53
Southern Orthodontic Partners	40
Veterinary Practice Partners	37
Retina Consultants of America	27
U.S. Oral Surgery Management	26
Ivy Rehab Network	25
MB2 Dental	24
Dental365	24
DermCare Management	22
EyeSouth Partners	21
Unifeye Vision Partners	21
Cardiovascular Associates of America	21
PetVet Care Centers	20

Source: PitchBook • Geography: US and Canada • As of June 30, 2025