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INDUSTRY RESEARCH

Q4 2024 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

- Q4 2024 estimated deal count was down moderately from Q3, with 143 deals announced or closed in the quarter. While this marks a new low, it is not unusual for deals to be reported late, and we expect the final count will be near the 177 deals reported last quarter.
- We previously called a turning point in PE healthcare services deal flow, but it appears that call was somewhat premature. At minimum, deal activity is likely to remain flat for a quarter or two before a potential rebound. We still expect 2025 to be a stronger year for the sector, as interest rates have eased, and lower valuations could spur additional deals.
- We continue to see high levels of sponsor demand and interest in the subsegments of infusion, medspa and outpatient mental health. For full-year 2024, top deal categories in health services were dental (132 deals), veterinary (63), dermatology (53), and home-based care (52), consistent with leading investment categories in previous years.
- PE activity in pharma services and healthcare IT have been outpacing health services, as these sectors currently offer stronger growth and margin. Q4 deal activity in healthcare IT was headlined by the \$7.8 billion buyout of revenue cycle management platform R1 RCM in November.
- Recent healthcare PE industry events, such as [Nashville Healthcare Sessions](#) and [HPE NYC](#), have highlighted ongoing margin pressure in Medicare Advantage, a decrease in regulatory pressures around PE in healthcare (illustrated by California Gov. Newsom’s veto of AB 3129), and increased willingness by sponsors to consider IPO exit routes. We expect these trends to continue.
- Market participants have come to grips with the current rate environment and are using rate forecasts less frequently for go/no-go deal decision-making. Considering the high uncertainty reflected in prediction markets for upcoming Federal Reserve rate decisions,¹ buyers may need to proceed at current rates. And the moderate uptick in tariff-related inflation risks further diminishes the chance to hold out for further “jumbo” cuts.

1: “FedWatch,” CME Group, n.d., accessed January 29, 2025.

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

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



Q1 2025 J.P. Morgan Healthcare Conference Recap

Download the report [here](#)



2025 Healthcare & Life Sciences Outlook

Download the report [here](#)

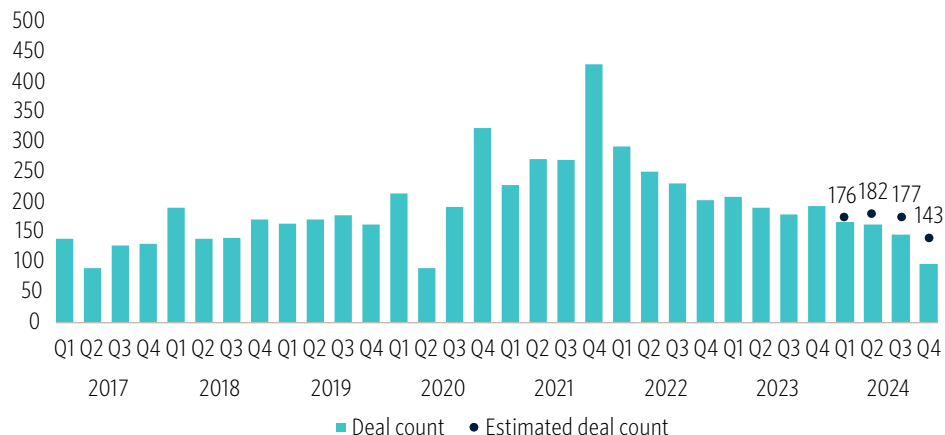


Q3 Healthcare Services PE Update

Download the report [here](#)

PE update

Healthcare services PE deal count by quarter

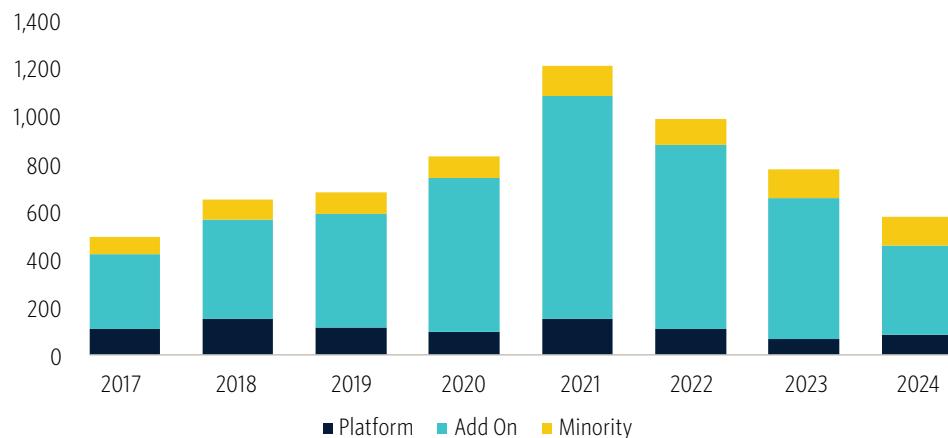


Source: PitchBook • Geography: US & Canada • As of December 31, 2024

We are slightly less optimistic about the current state of PE healthcare services investing than we were going into Q4. Deal activity in the sector was subdued toward the end of 2024, which we attribute to a confluence of factors, such as general market caution, election uncertainty, persistently high interest rates, and challenging financial situations at major health systems. Many hospitals continue to operate at a loss, although median margins have shown signs of stabilizing, aided by decelerating wage growth and easing inflation. The shift to a somewhat lower-interest-rate environment is expected to improve healthcare financing, making capital access and refinancing opportunities more favorable.

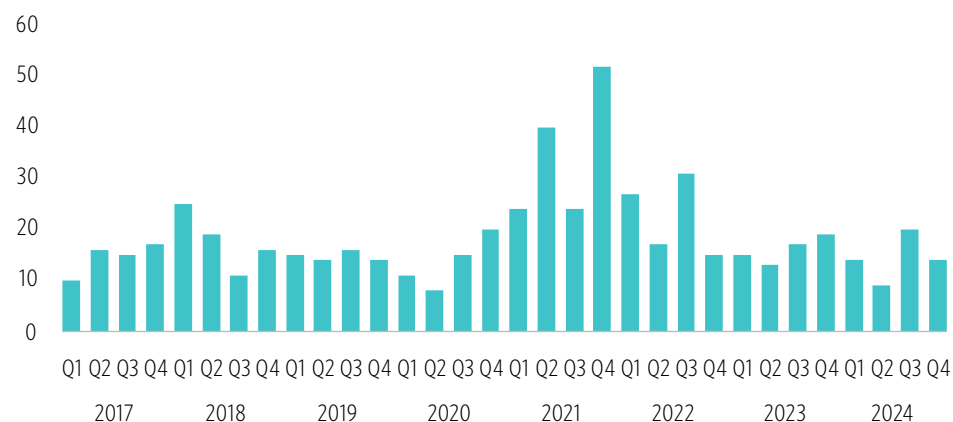
Deal timelines remain prolonged, and while we have heard rumblings about strong pipelines in the sector, this has yet to translate into a significant increase in activity, as buyers and sellers remain at odds on valuations. Another challenge is the limited availability of platform-scale assets in high-demand categories such as medspa and outpatient mental health. As highlighted in our [Q4 2024 Healthcare Services Comp Sheet and Valuation Guide](#), the consensus forecast calls for moderate declines in enterprise value/revenue and enterprise value/EBITDA multiples over the next two years, not a favorable sign for sector valuations. On a more positive front, however, the pace of multiple contraction has slowed since the initial impact of higher interest rates, and further rate cuts could provide a meaningful lift to multiples. And with current valuations at such low levels, there may be potential for significant upside if and when multiples stabilize.

Healthcare services PE deal count by type



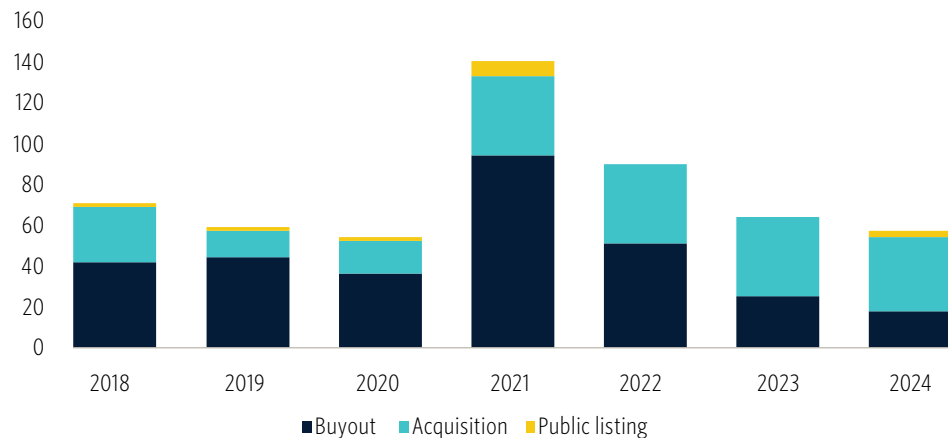
Source: PitchBook • Geography: US & Canada • As of December 31, 2024

Healthcare services PE exit count by quarter



Source: PitchBook • Geography: US & Canada • As of December 31, 2024

Healthcare services PE exit count by type



Source: PitchBook • Geography: US & Canada • As of December 31, 2024

Other highlights from the quarter:

- After two major listings in Q3 (Ardent Health and Guardian Pharmacy Services), there were no major IPOs in health services in Q4.
- Shore Capital Partners and Silver Lake are rumored to be working to combine Southern Veterinary Partners and Mission Veterinary Partners and adding \$4 billion in a recapitalization deal. As of January 31, no deal has been announced.
- Cardinal Health has emerged as a top buyer, with the health system closing acquisitions of GI Alliance (\$2.8 billion) and Integrated Oncology Network (\$1.1 billion) in the fourth quarter.
- Astrana Health acquired select businesses and assets of Prospect Health System for \$745 million to bulk up its primary care business.
- Cencora announced an acquisition of Retina Consultants of America from Webster Equity Partners for \$4.6 billion. Even with interim platform investment, this is a strong exit for Webster considering Retina Consultants was established as a platform company less than five years ago at a \$300 million valuation.
- Carve-outs have continued to be a core strategy for consolidated public firms looking to re-focus. In Q4, The Carlyle Group acquired the Vantive kidney care division from Baxter for \$3.8 billion, and Cigna sold its Medicare business to Health Care Service Corporation for \$3.3 billion.
- California Governor Gavin Newsom vetoed bill AB-3129, which would have required the Attorney General to review all healthcare transactions involving PE firms and hedge funds in the state.

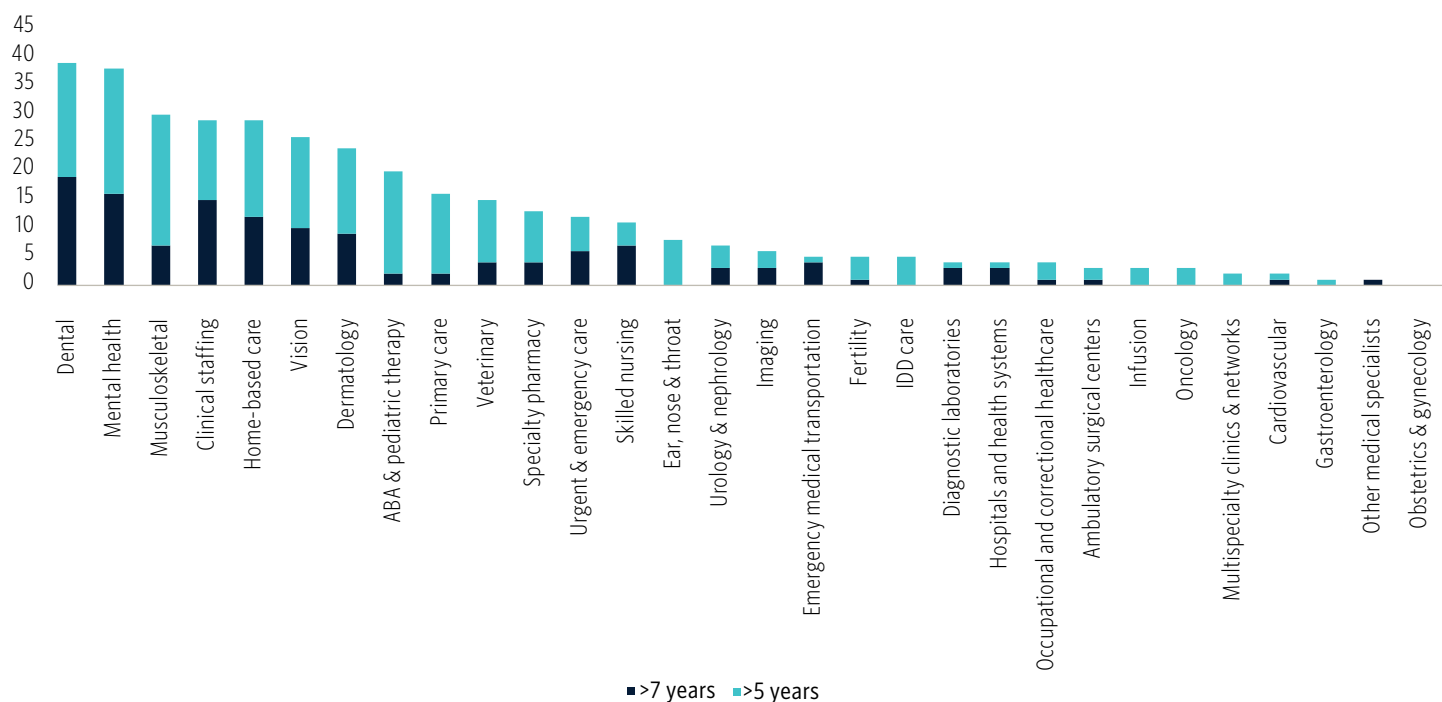
Appendix

Select healthcare services PE deals in Q4 2024

Company	Category	Deal type	Deal value (\$M)	Close date	Seller/exiter	Acquirer/investor
Retina Consultants of America	Vision	Acquisition	\$4,600	January 2, 2025	Webster Equity Partners	Cencora
GI Alliance	Gastroenterology	Acquisition	\$2,800	November 11, 2024	Apollo	Cardinal Health
Integrated Oncology Network	Oncology	Acquisition	\$1,120	December 3, 2024	BPEA Private Equity et al.	Cardinal Health
Prospect Medical Holdings	Hospitals & health systems	Acquisition	\$745	November 8, 2024	Medical Properties Trust	Astrana Health
Orthopedic Care Partners	Musculoskeletal	Minority	\$543	December 5, 2024	N/A	Brookfield Asset Management
MB2 Dental	Dental	Minority	\$525	November 8, 2024	N/A	Warburg Pincus
Revere Medical	Hospitals & health systems	Buyout	\$245	October 31, 2024	Steward Health Care	Rural Healthcare Group (Kinderhook)
Mission Veterinary Partners	Veterinary	Buyout	N/A	December 1, 2024	Golub Capital, Resolute Capital Partners	Southern Veterinary (Shore Capital)
Clinical Care Medical Centers	Multispecialty clinics & networks	Bankruptcy	N/A	October 13, 2024	Sun Capital Partners et al.	N/A
United Urology	Urology & nephrology	Buyout	N/A	October 10, 2024	Audax Private Equity et al.	OneOncology (TPG)

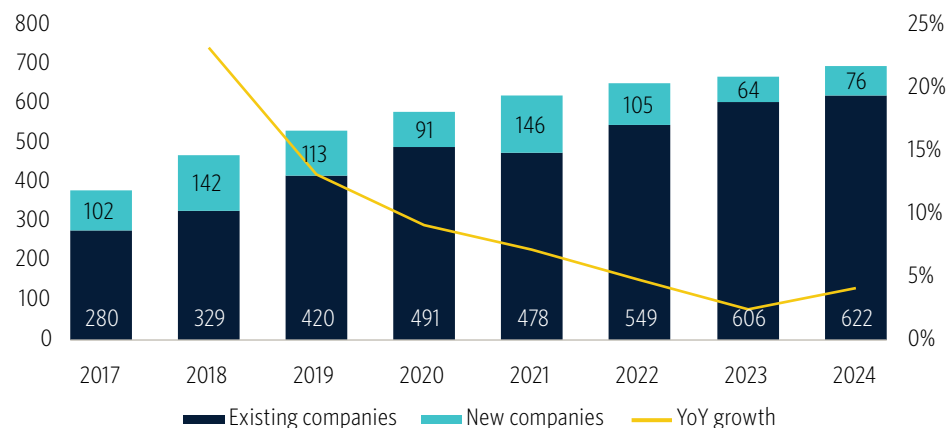
Source: PitchBook • Geography: US & Canada • As of December 31, 2024

PE-backed healthcare services company count by subsegment and hold time



Source: PitchBook • Geography: US & Canada • As of December 31, 2024

Healthcare services PE company inventory



Source: PitchBook • Geography: US & Canada • As of December 31, 2024

Most acquisitive PE-backed healthcare services platforms since 2021

Platform	Add-on count
Southern Veterinary Partners	135
Specialized Dental Partners	55
Smile Doctors	53
Southern Orthodontic Partners	34
Veterinary Practice Partners	33
U.S. Oral Surgery Management	27
Retina Consultants of America	27
Ivy Rehab Network	24
MB2 Dental	22
Dental365	21
Unifeye Vision Partners Management	20
PetVet Care Centers	20
DermCare Management	19
EyeSouth Partners	18
Foundation Dental Partners	17

Source: PitchBook • Geography: US & Canada • As of December 31, 2024