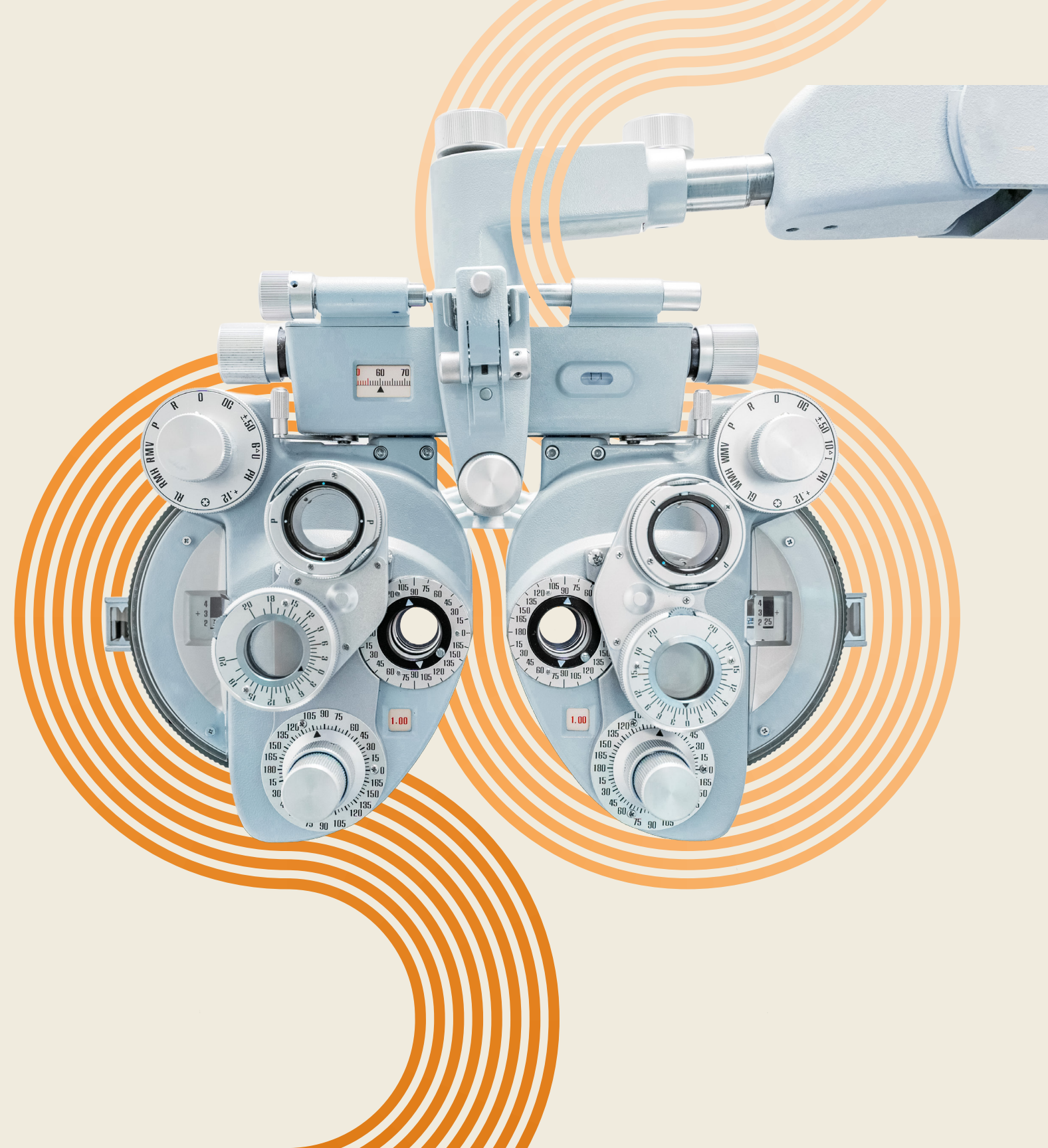


INDUSTRY RESEARCH

Healthcare Services Report

PE trends and investment strategies

Q1
2026

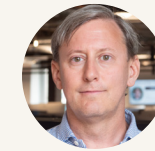




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PE activity

Click [here](#) to download our 2023 taxonomy report, which includes definitions, key investment drivers, and risks by segment.

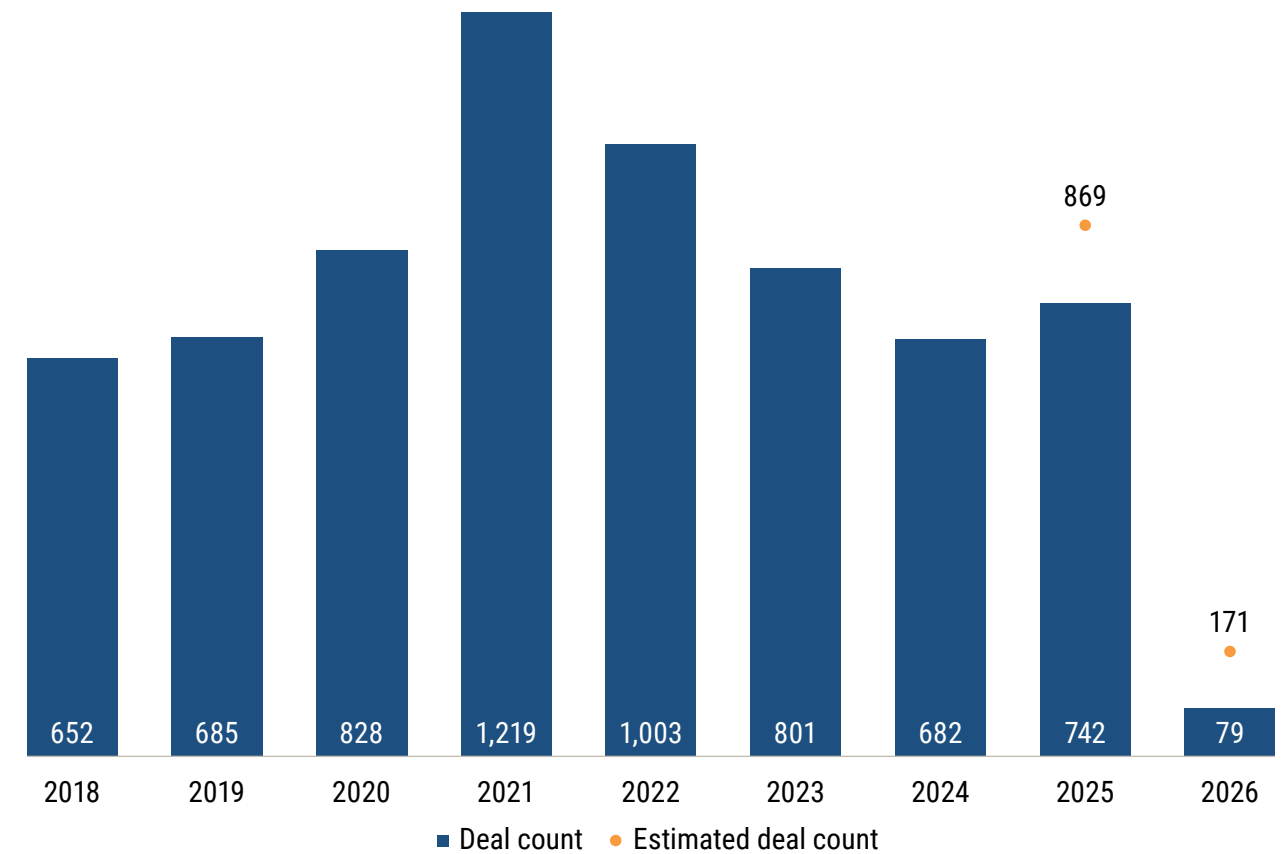
In Q1 2026, healthcare services deal activity decreased 16% YoY with 79 deals announced or closed. Andrew Kadar, a managing director at L.E.K. Consulting, attributed the dip to robust Q1 2025 deal activity levels that “set a high YoY comparison bar.” He further noted that “the sentiment at the McDermott Will & Schulte Healthcare Private Equity (HPE) Miami Conference in March was positive this year.”¹

The decline in deal count in Q1 was seen across most segments, including generalists & multispecialty providers, physician practice management companies (PPMs), and skilled care & behavioral health. The PPM deal count in the quarter is projected to be roughly in line with the lackluster Q4 2025 count (down 16.5% YoY). Healthcare services deal value in Q1 2026 was 23.3% lower YoY despite several megadeals during the quarter. PE exit count increased 6.7% YoY while PE exit value decreased 17.9%.

Highlighted deals

Elder and disabled care drove high-profile deals in the quarter. The largest transaction was General Atlantic’s \$3 billion LBO acquisition of TEAM Services Group. The next-largest deal was the \$1.2 billion take-private LBO of Enhabit Home Health & Hospice by Kinderhook Industries in February at a 13.3x enterprise value (EV)/trailing 12-month (TTM) EBITDA multiple. Strength in the elder care category will likely continue as demographics support these investments and the sector sees strong interest from strategic acquirers.

Healthcare services PE deal count



Source: PitchBook • Geography: US and Canada • As of March 31, 2026



PE ACTIVITY

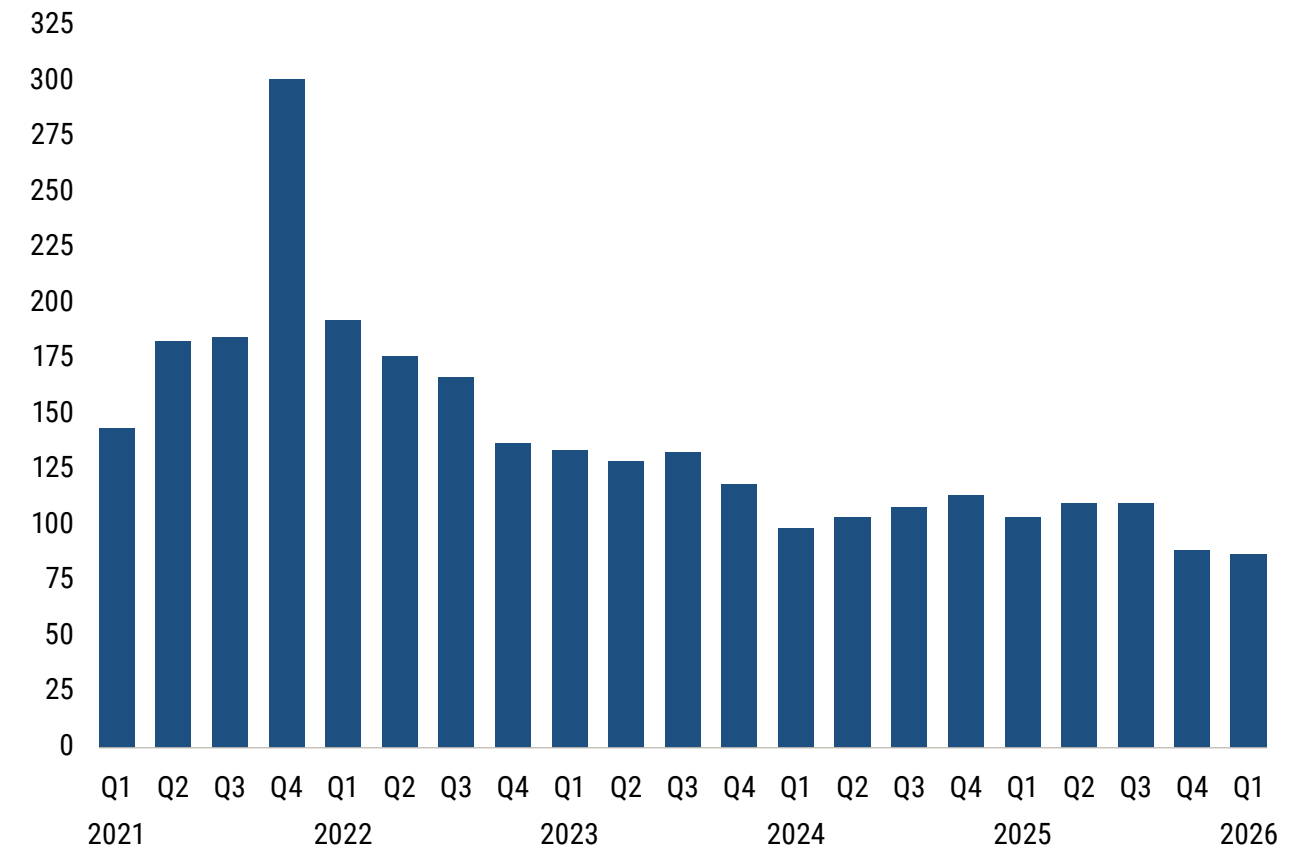
Broad weakness across segments and categories, though activity persists in certain areas

Even with the inherent quarterly volatility and the depressed activity levels in Q1, certain categories saw continued activity, including home-based care, mental health, skilled & behavioral care, and occupational & correctional healthcare. PPM subsegments that saw solid activity included dental, dermatology, musculoskeletal (MSK), and vision. Areas seeing the strongest interest for strategic exits will likely continue to be the most favored, as strategic exits have historically been the more significant force in PE exits. This could challenge returns for large-scale dental assets with no clear-cut strategic acquisition options.

Aged inventory

The areas with aged inventories of PE-backed companies (excluding add-ons) include dental, mental health, home-based care, MSK, veterinary, dermatology, clinical staffing, and vision, with each category having at least 25 companies with holding times of at least five years. We note that this quarter's data removes some formulaic anomalies that were introduced in past years' data pulls; as such, the holding-period data will not correspond to that of past reports and is a more accurate reflection of the market.

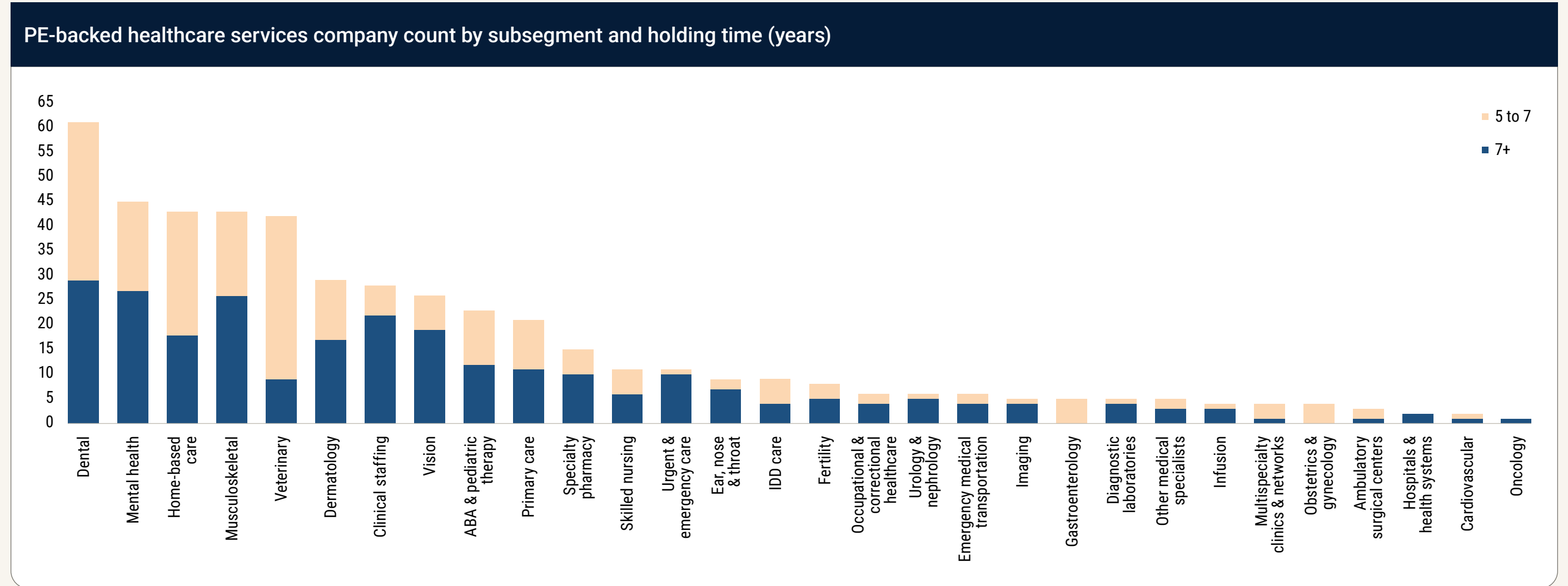
PPM PE deal count by quarter



Source: PitchBook • Geography: US and Canada • As of March 31, 2026



PE ACTIVITY



Source: PitchBook • Geography: US and Canada • As of March 31, 2026



PE ACTIVITY

Valuations

Public company valuation multiples for hospitals are now just below long-term averages (10x EV/TTM EBITDA), with providers' shares largely unchanged at quarter-end despite expectations for a modest 3.9% increase in EBITDA in 2026. The payer subsector's median YTD return of -21.7% reflected broad-based declines, with names that have greater exposure to Medicaid and Medicare reimbursement pressures seeing the greatest impact on their stock prices. UnitedHealth Group (-18%) also continued to weigh on sector sentiment as management guided adjusted earnings per share to greater than \$17.75 for 2026, reflecting at least 8.6% growth but well below the company's historical trajectory.

Since the release of first-quarter earnings reports, valuations have improved for payers. Results were not as bad as feared as utilization trends were softer than anticipated and winter weather impacted trends favorably for payers and unfavorably for providers. We believe enhanced AI-based revenue cycle management capabilities at providers and AI-induced healthcare utilization will lead to continued cost-trend pressures for payers as 2026 progresses.



Healthcare services PE ecosystem market map

This market map is an overview of PE-backed companies ranked by total capital raised. [Click to view the full map on the PitchBook Platform.](#)

1 Generalist & multispecialty providers

Hospitals & health systems



Multispecialty clinics & networks



Occupational & correctional healthcare



Primary care



Urgent & emergency care



2 Ancillary & outsourced services

Ambulatory surgical centers (ASCs)



Clinical staffing



Diagnostic laboratories



Emergency medical transportation



3 Skilled care & behavioral health

Applied behavior analysis (ABA) & pediatric therapy



Home-based care



Intellectual & developmental disabilities (IDD) care



Mental health



Skilled nursing



4 PPMs

Cardiovascular



Dental



Dermatology



Ear, nose & throat (ENT)



Fertility



Gastroenterology



MSK



OB-GYN



Oncology



Other medical specialists



Urology & nephrology



Veterinary



Vision





Healthcare services PE investor map

Investor map is a representative overview of active investors in global buyouts and growth equity. Investors are classified by the size of the fund out of which they primarily invest in healthcare services.

Lower middle market (less than \$500 million)



Middle market (\$500 million to \$1.5 billion)



Upper middle market (\$1.5 billion to \$5 billion)



Large cap (\$5 billion or more)





Segment data

Generalist & multispecialty providers

Projected to be down 8.6% YoY, showing better than the sector as a whole.

Ancillary & outsourced services

Initially looks to be down 54.3% YoY, though the magnitude is likely an anomaly.

PPMs

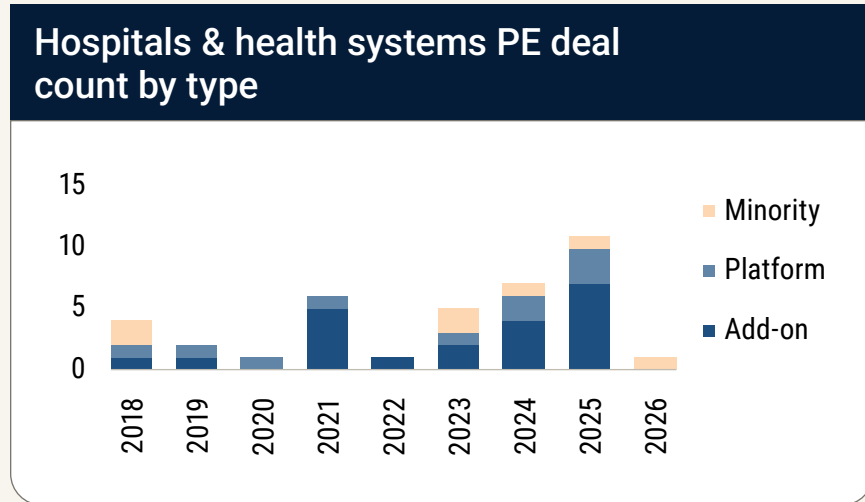
Expected to have declined 16.5% YoY and follows continued weakness in 2025.

Skilled care & behavioral health

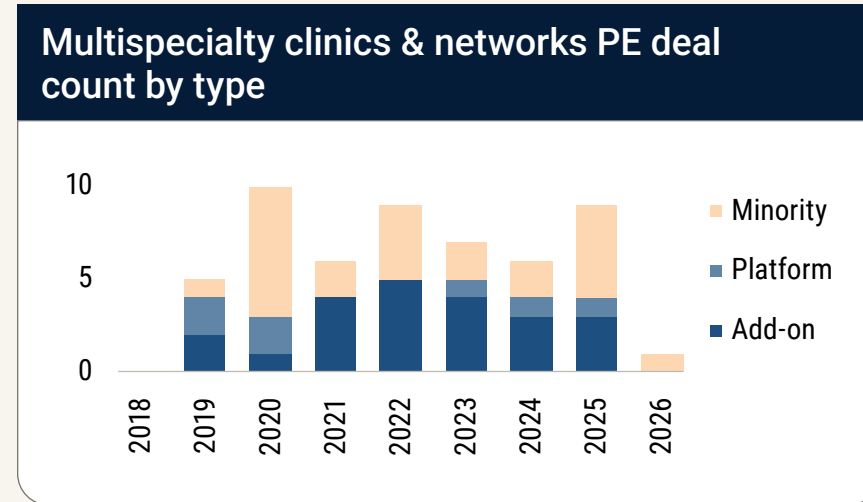
Only 6% lower YoY on challenging comps with significant activity continuing.



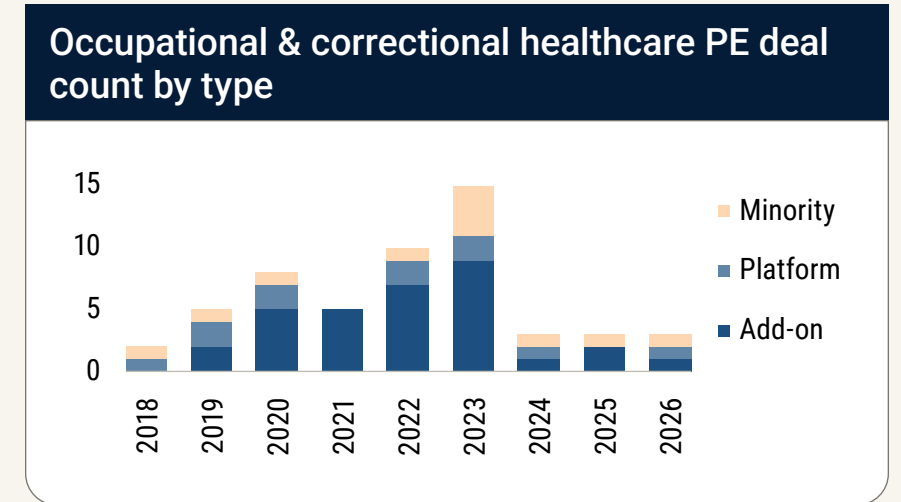
Generalist & multispecialty providers



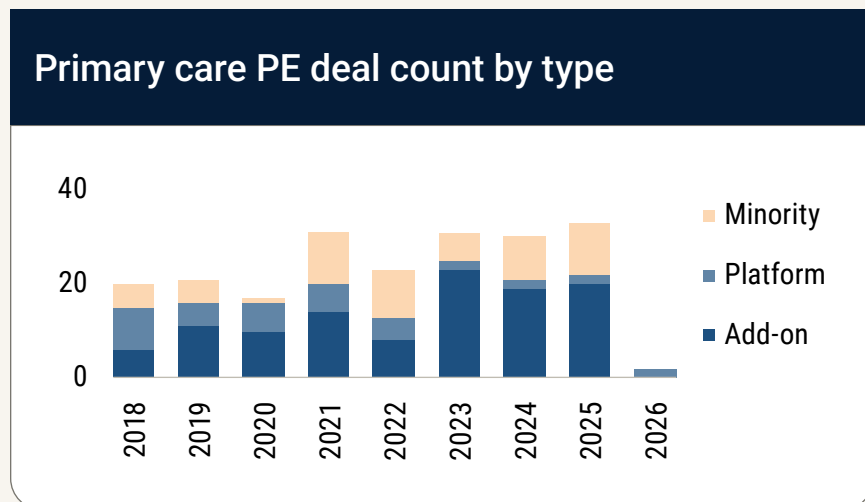
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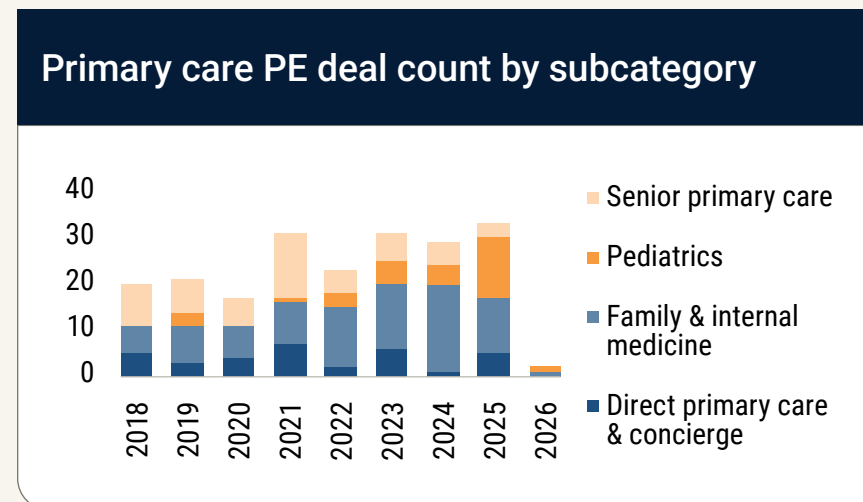
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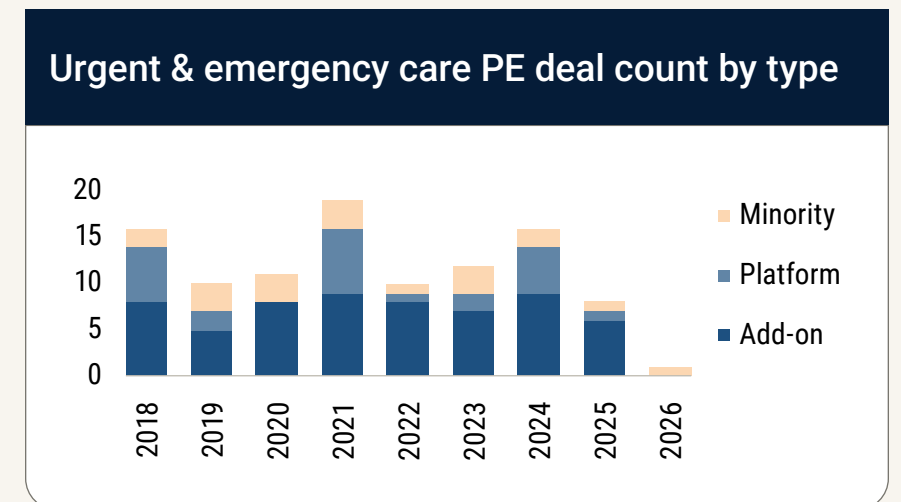
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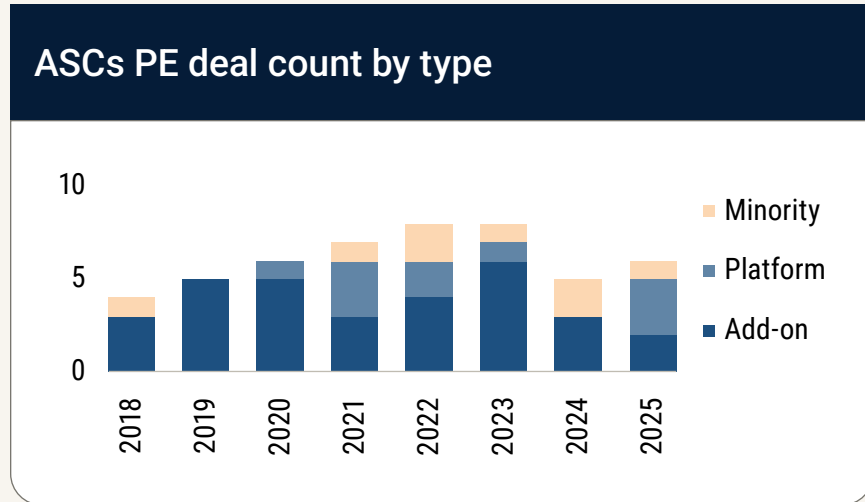
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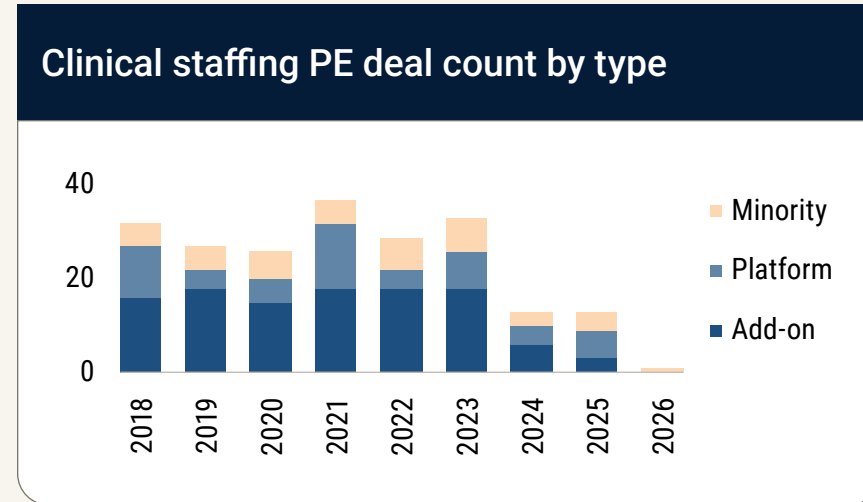
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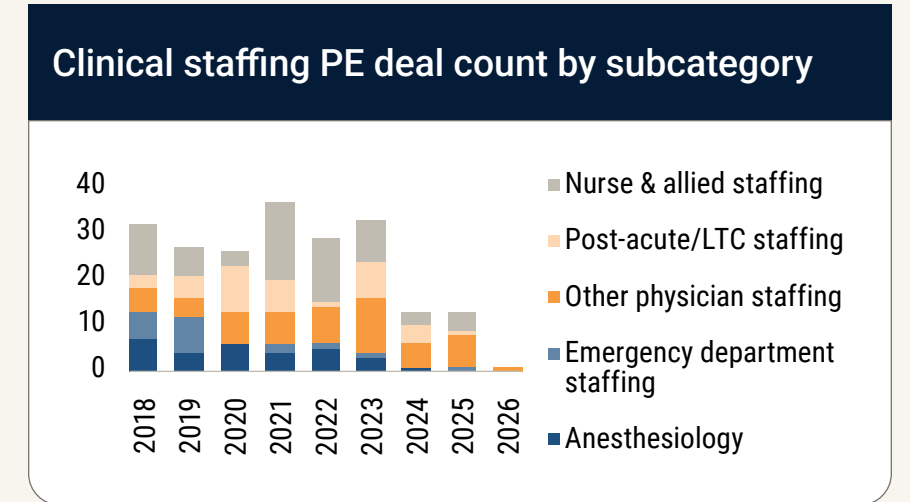
Ancillary & outsourced services



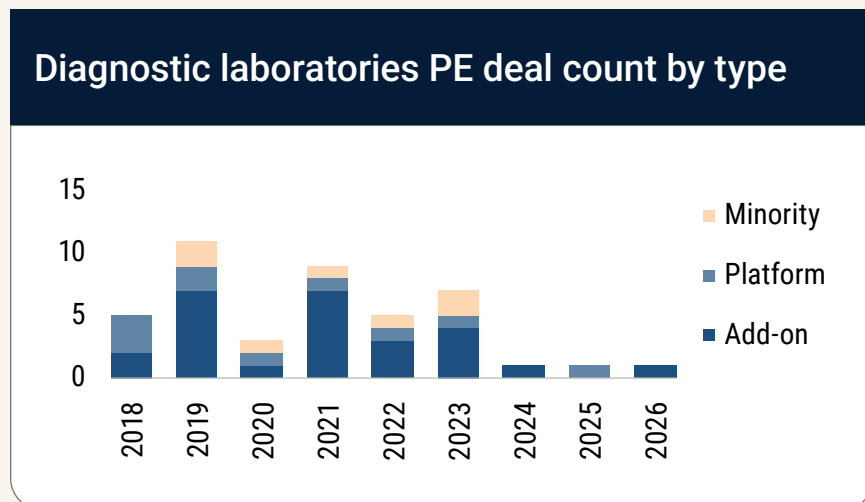
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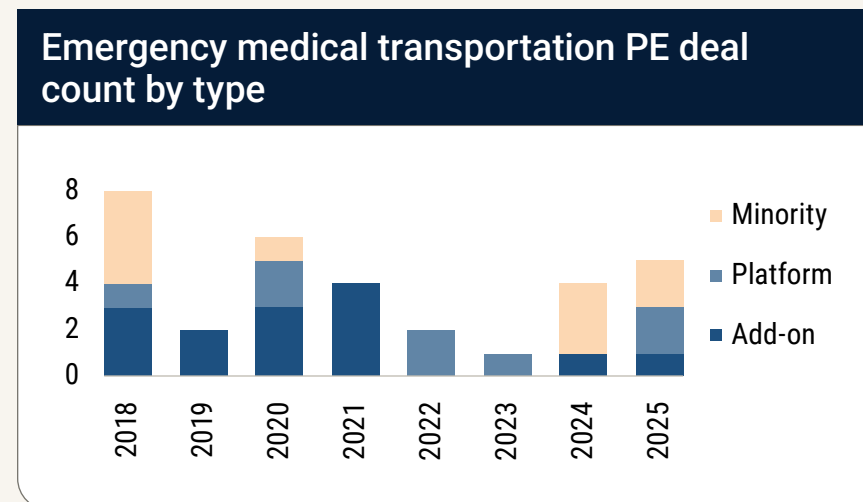
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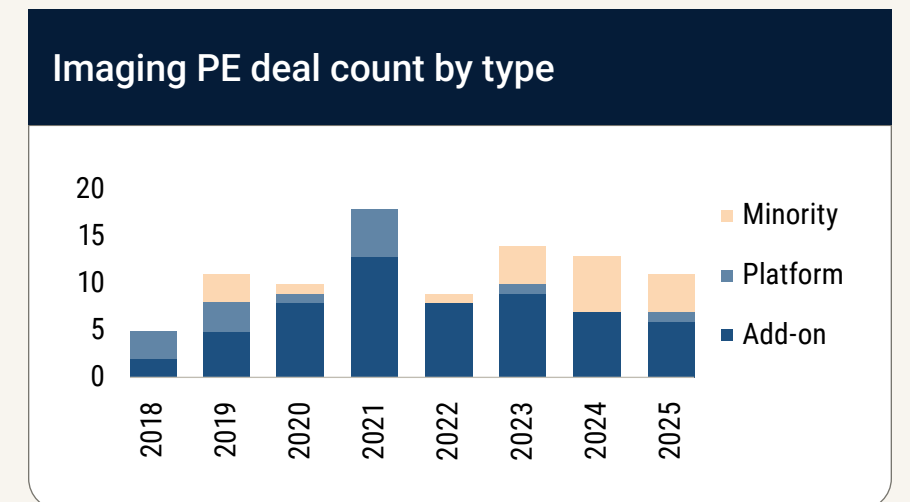
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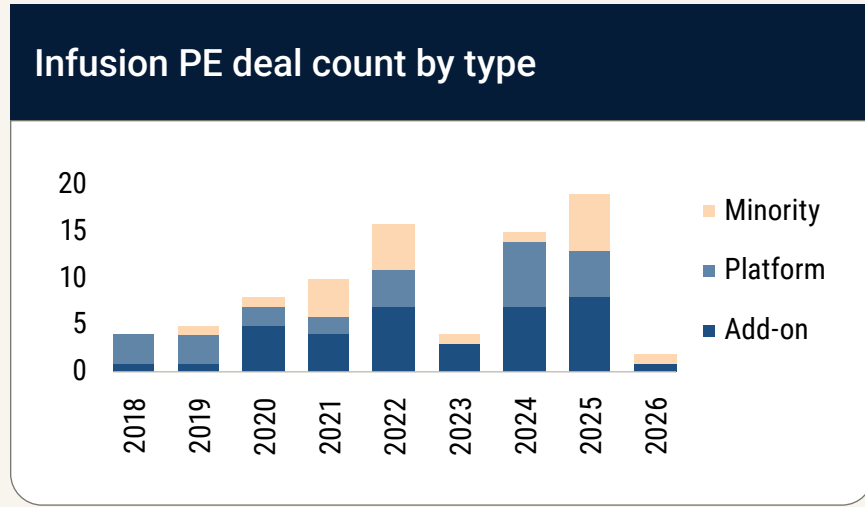
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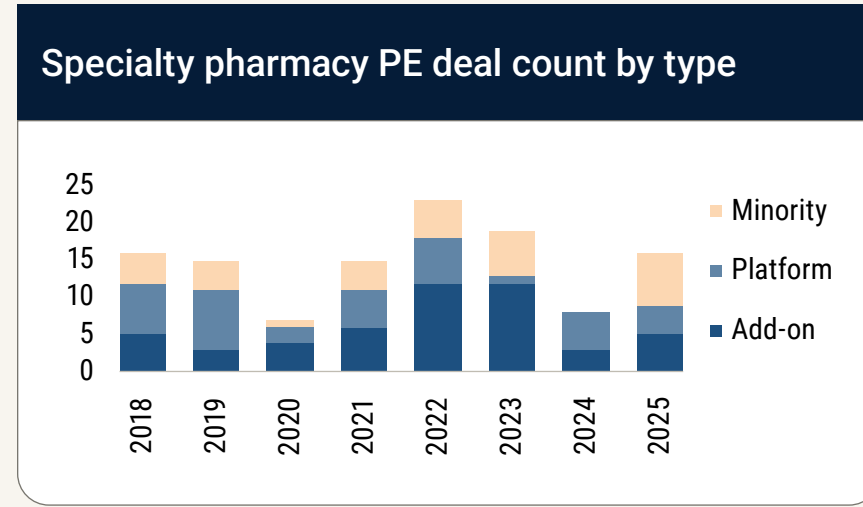
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ANCILLARY & OUTSOURCED SERVICES



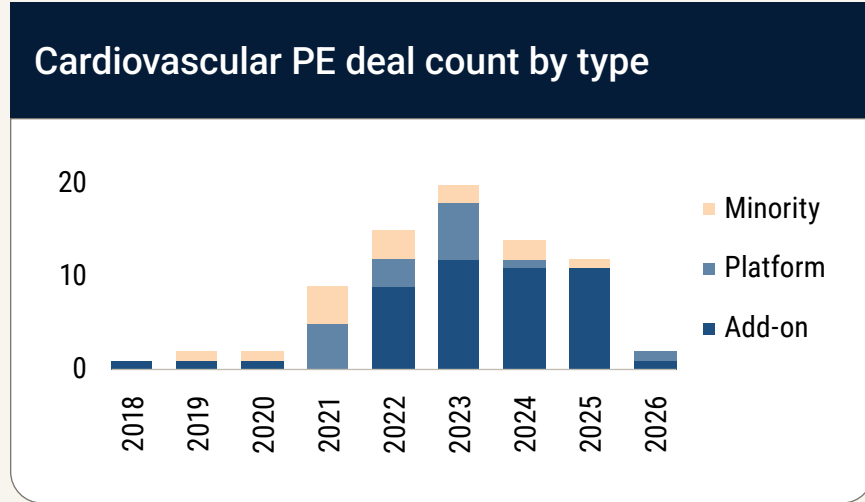
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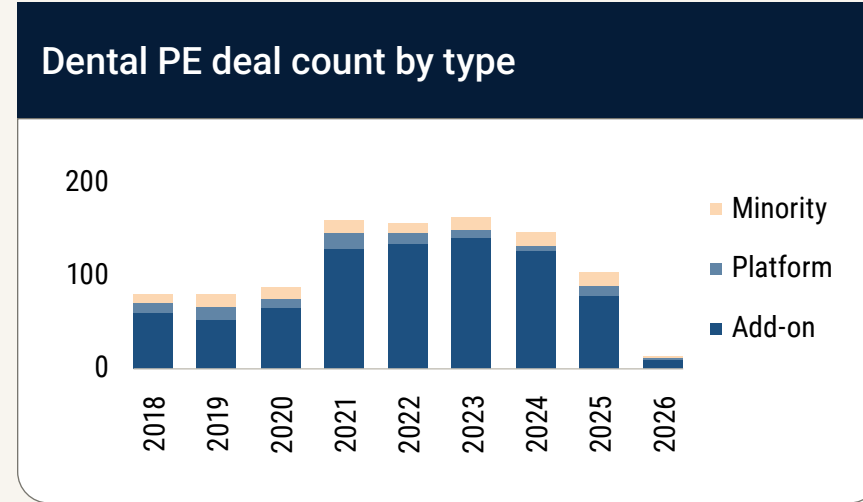
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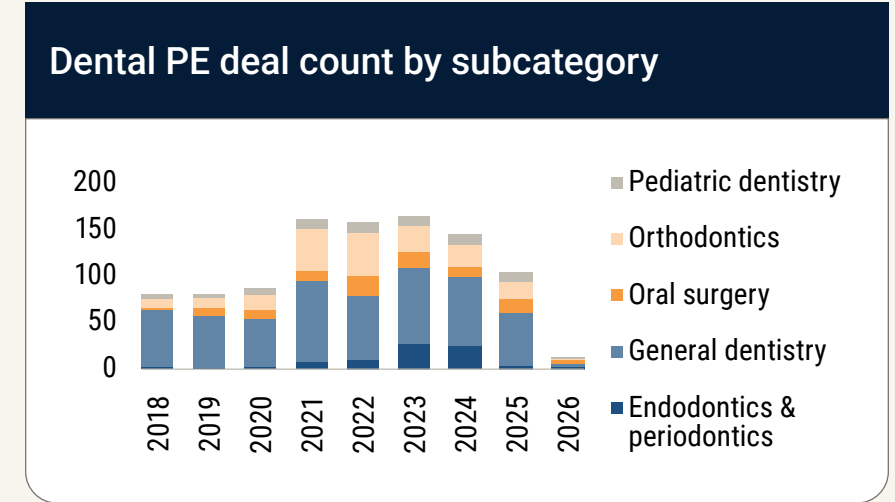
PPMs



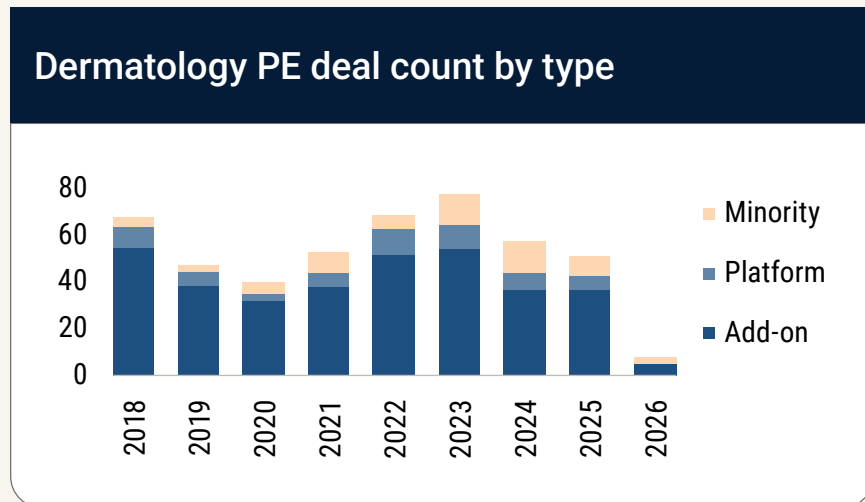
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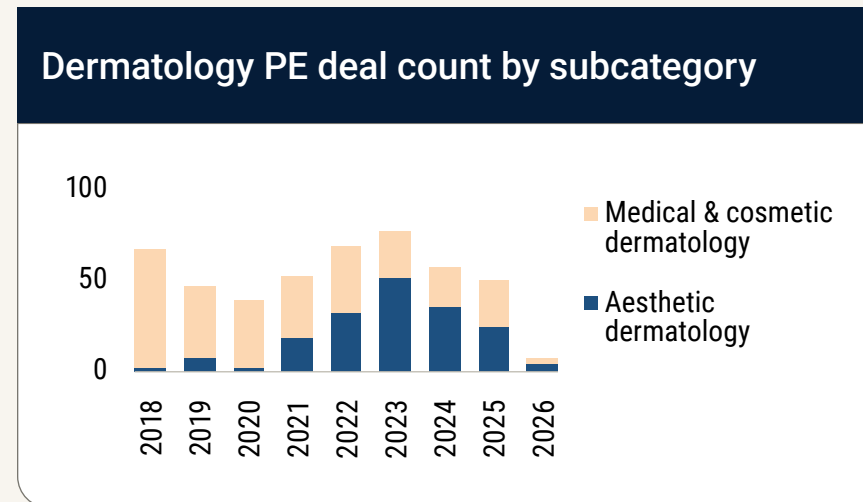
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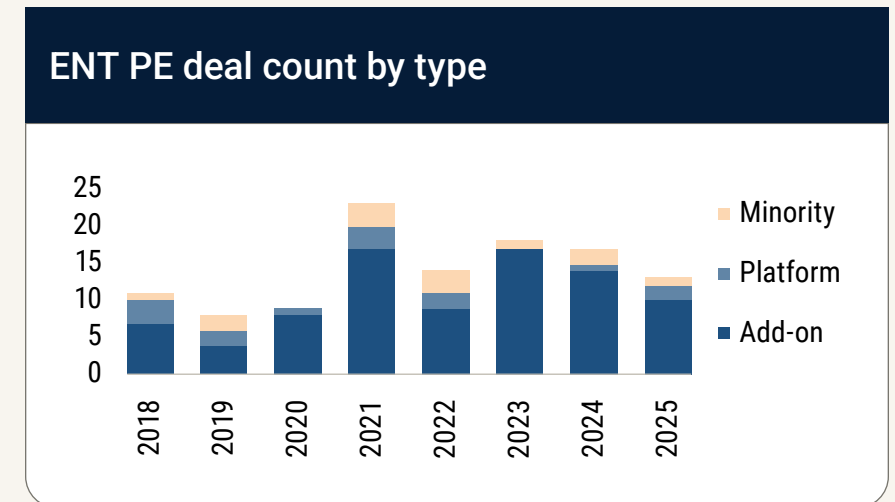
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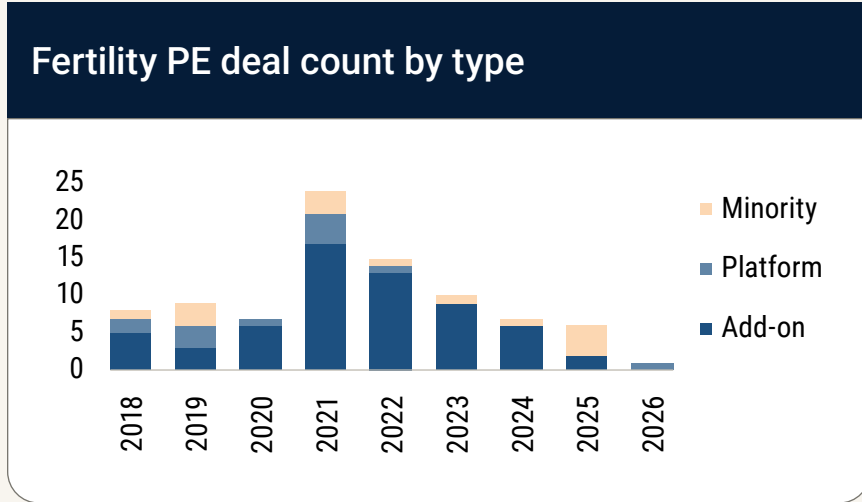
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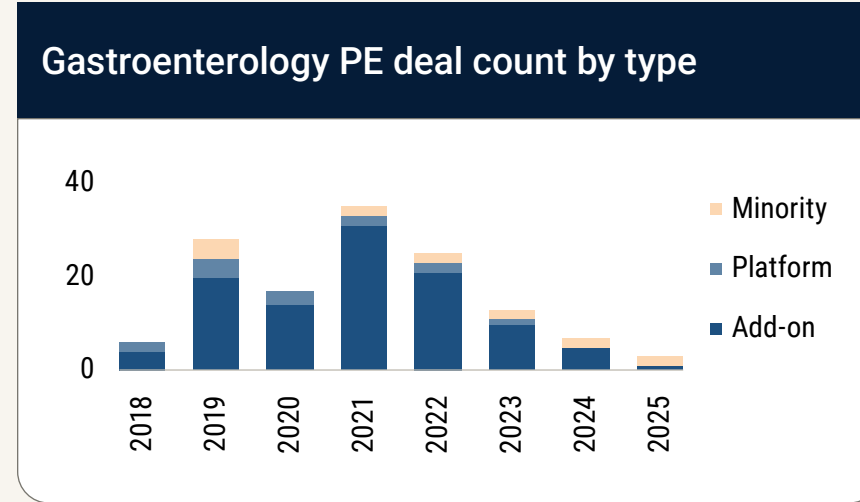
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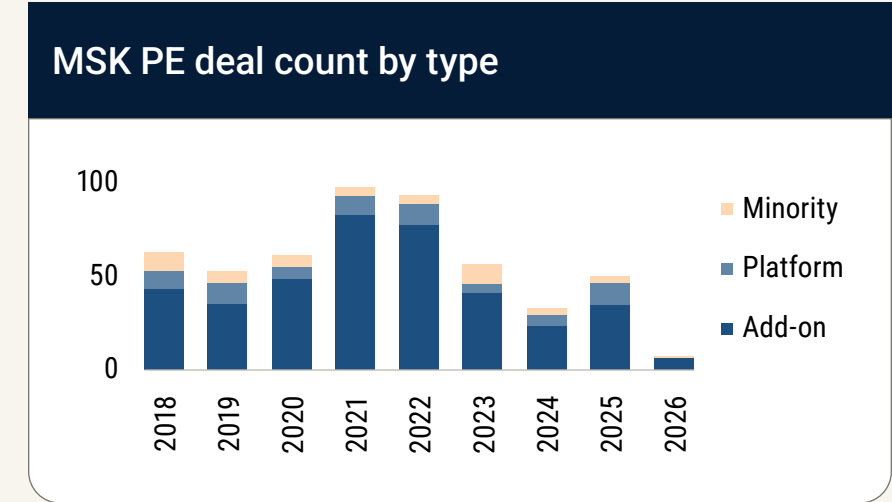
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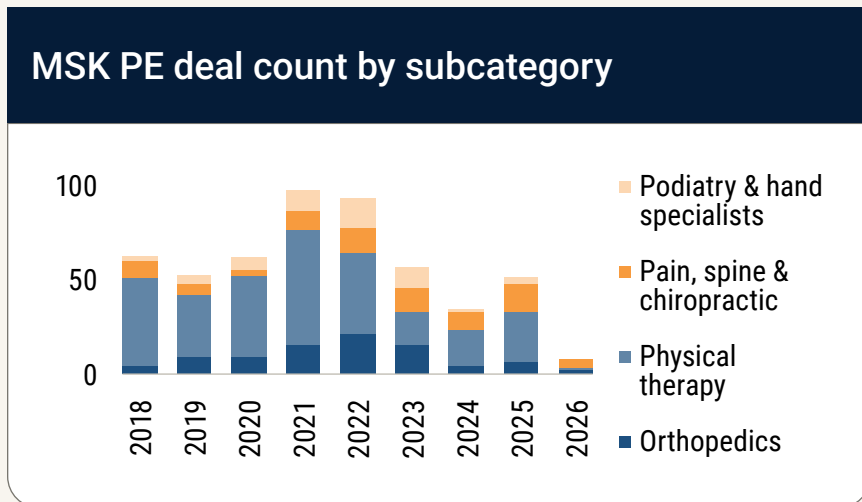
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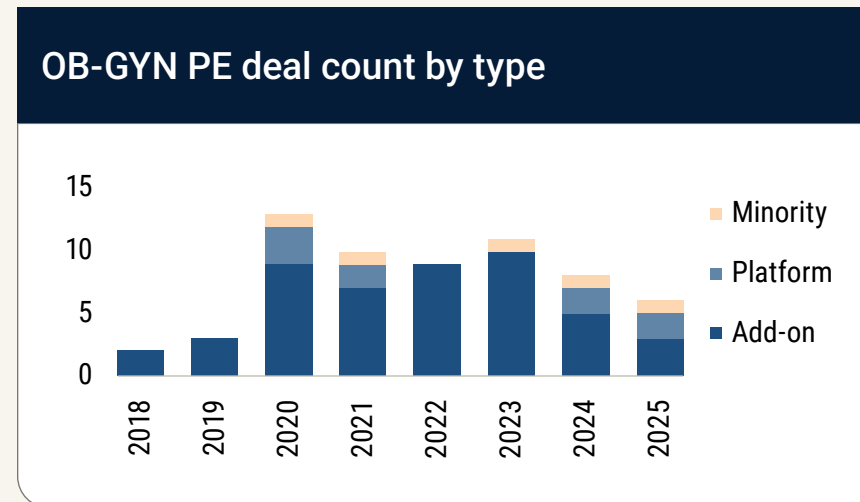
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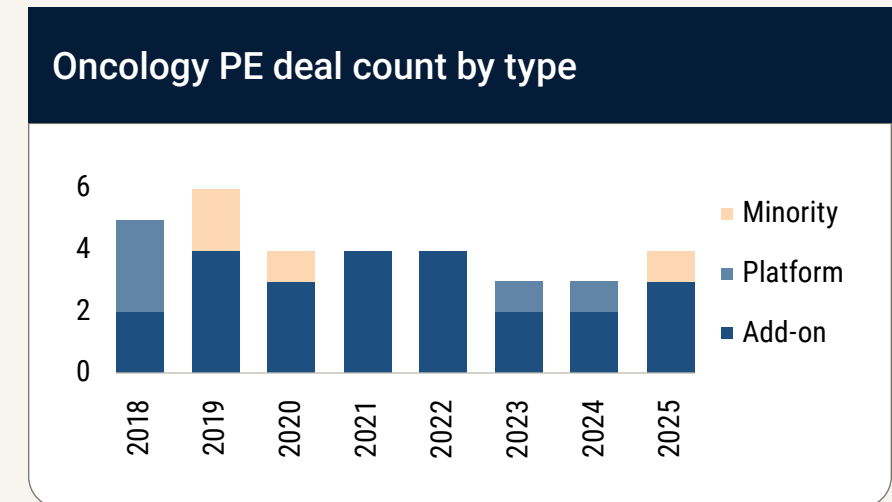
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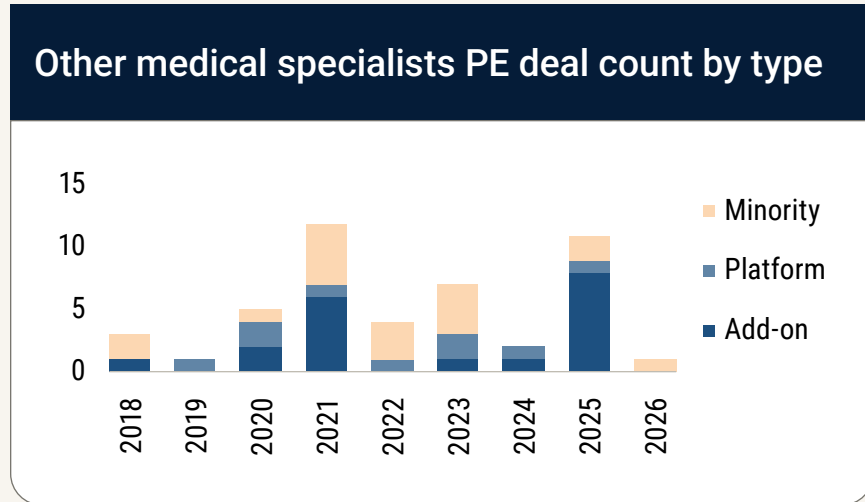
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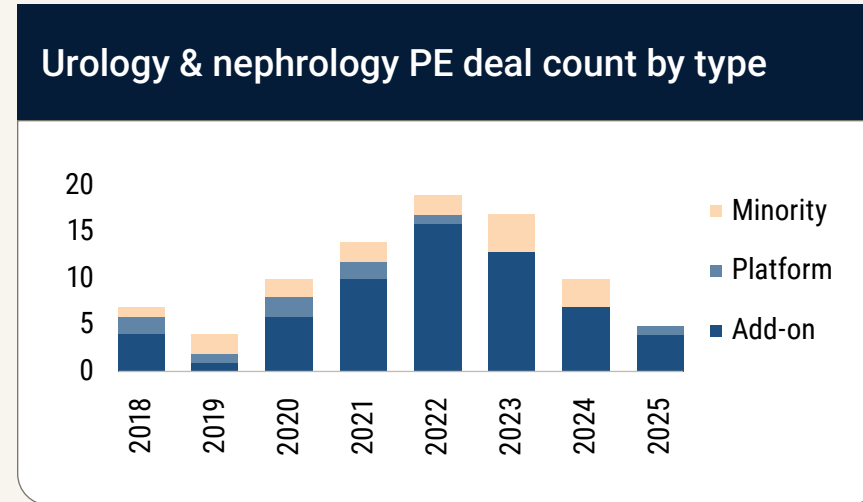
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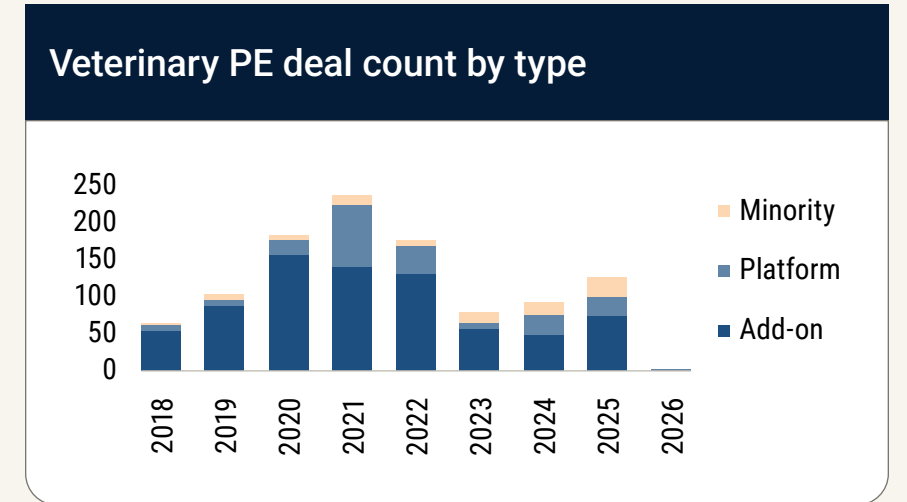
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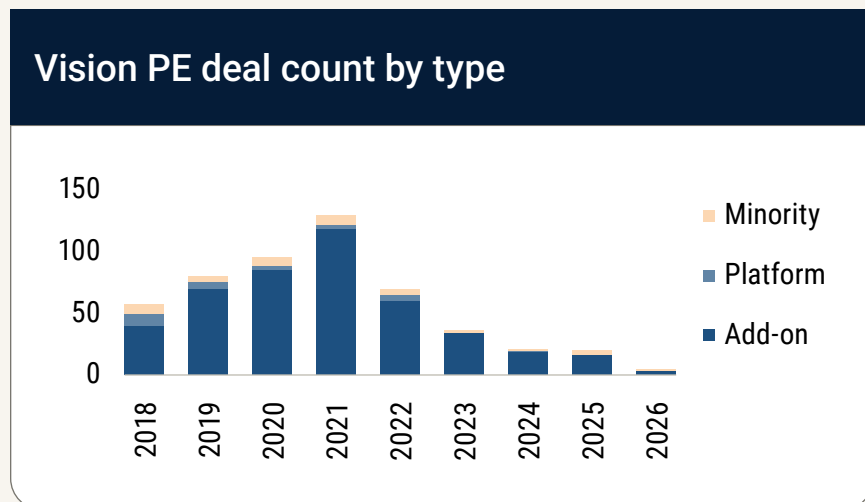
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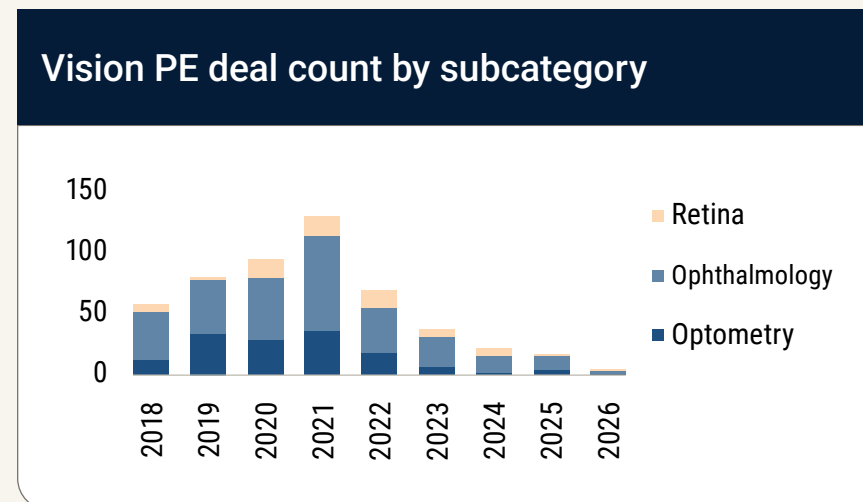
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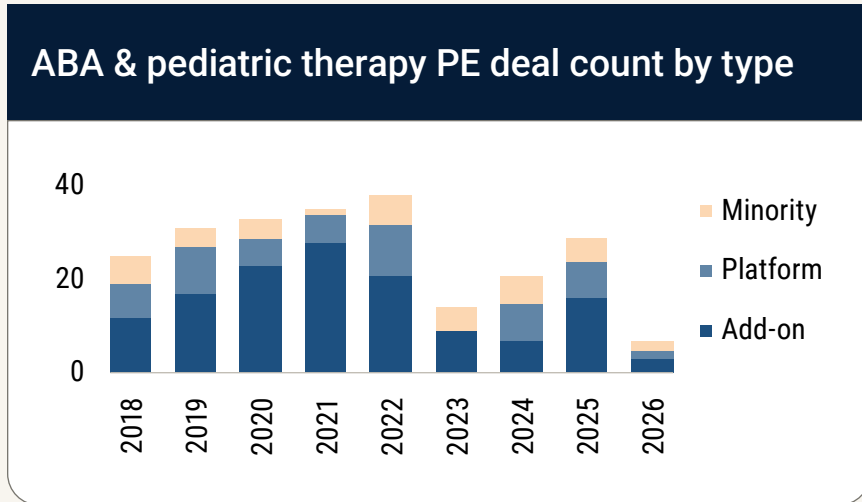
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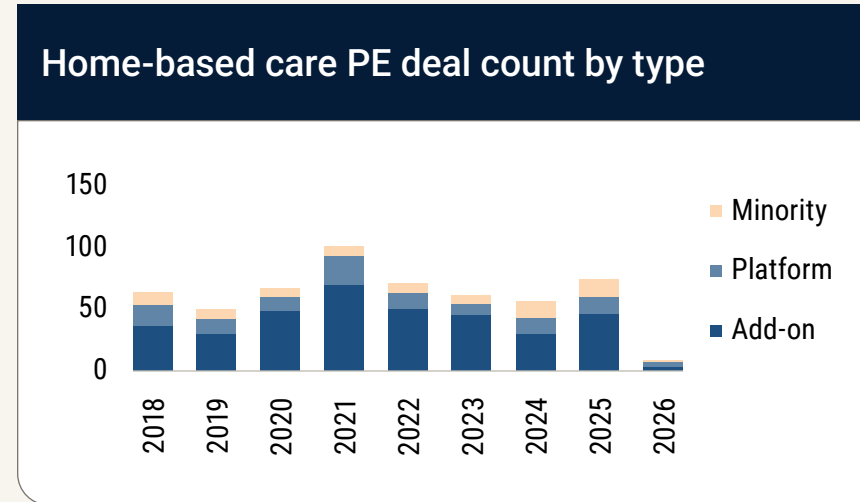
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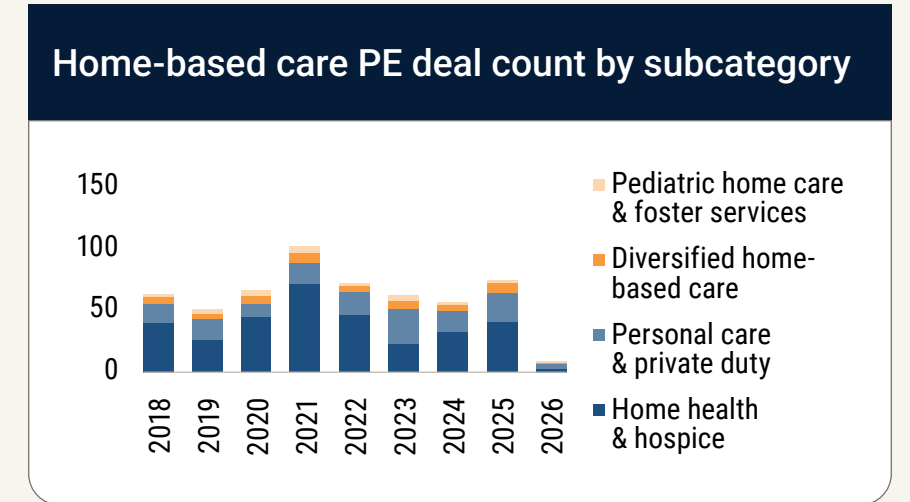
Skilled care & behavioral health



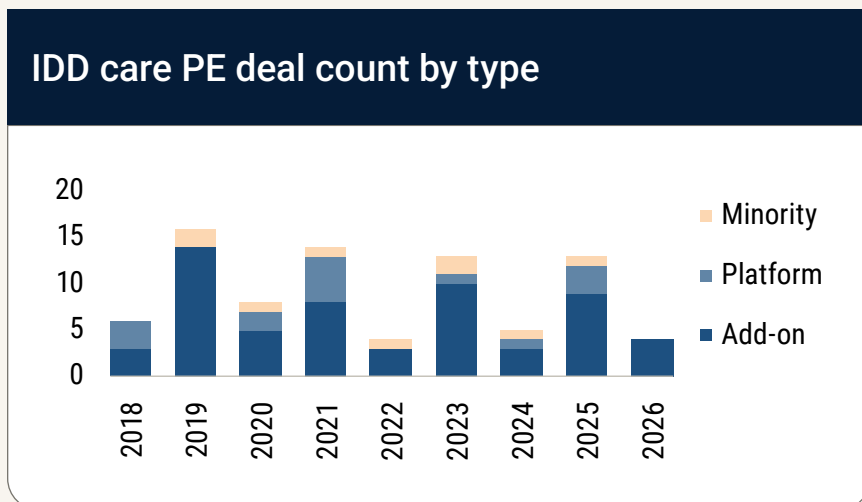
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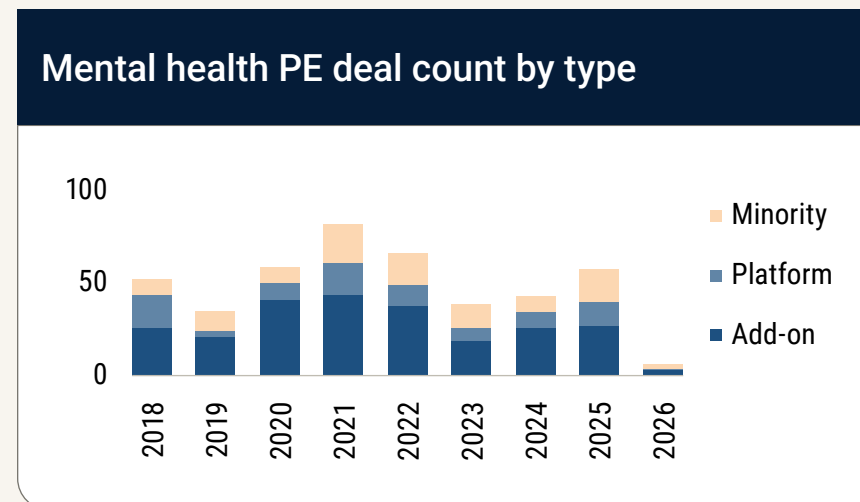
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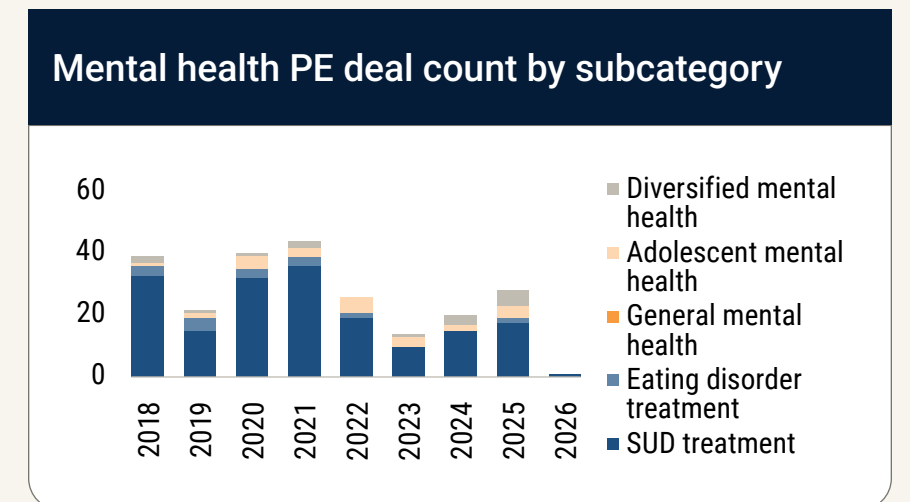
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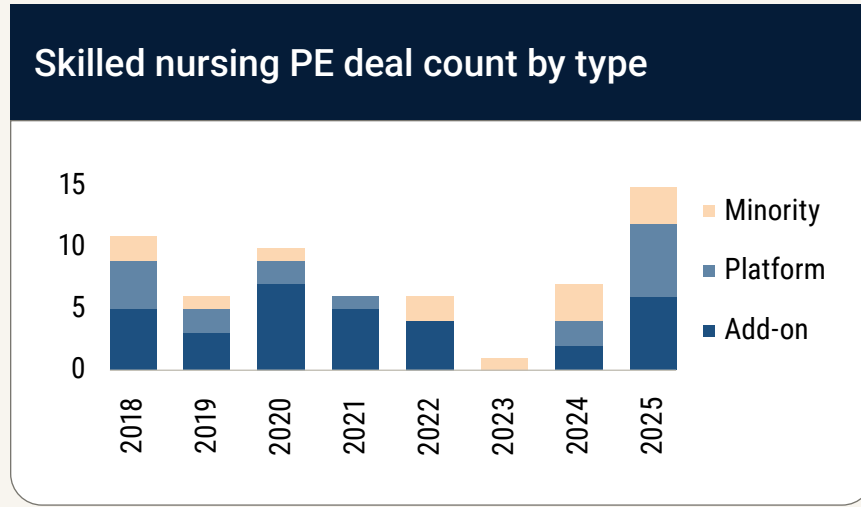
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SKILLED CARE & BEHAVIORAL HEALTH



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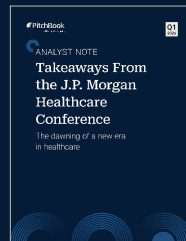
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- 1: Andrew Kadar, managing director at L.E.K. Consulting, email interview by Brian Wright, April 20, 2026.



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