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INDUSTRY RESEARCH

Healthcare Services Report

Gusting macroeconomic headwinds impede progress

Q2
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.

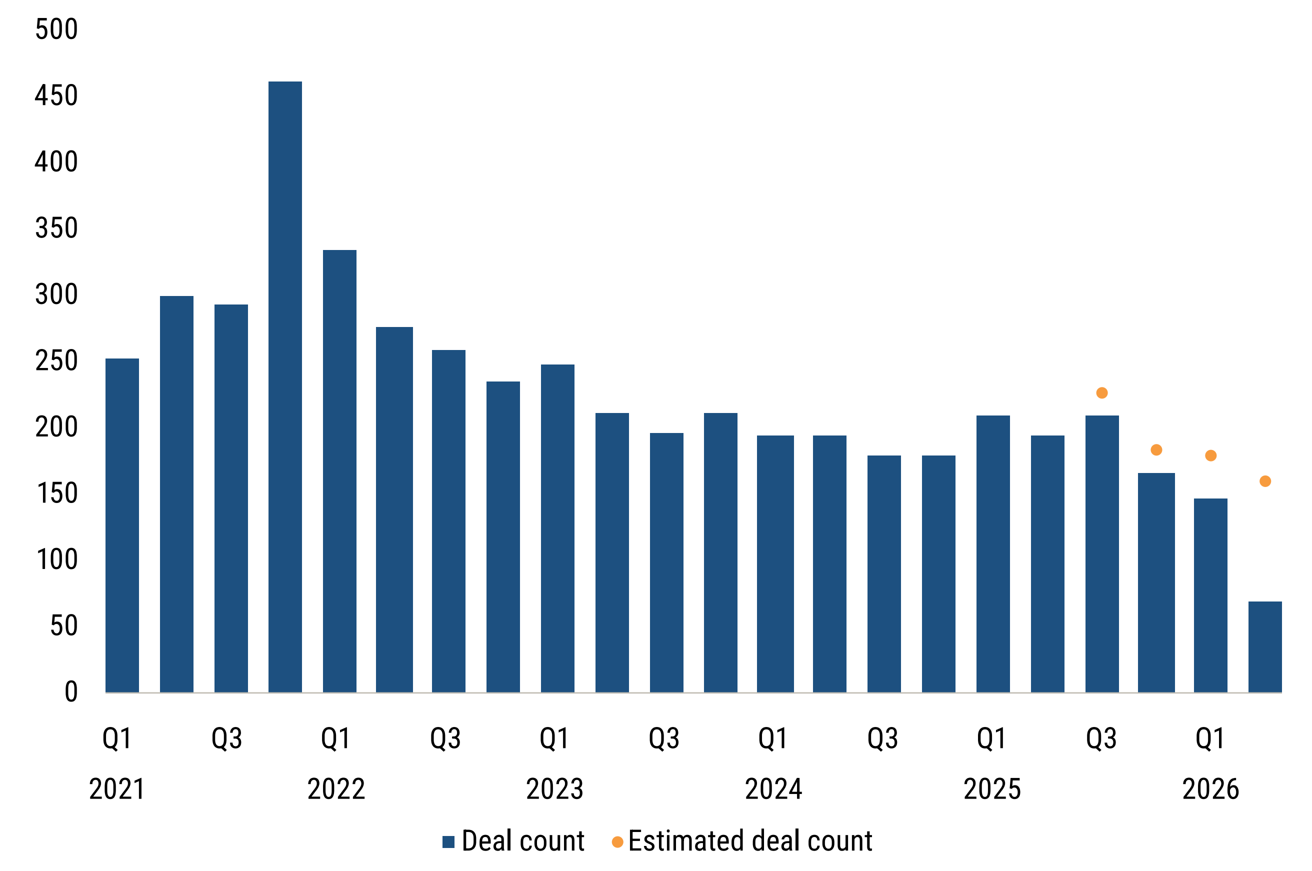
In Q2 2026, healthcare services deal count decreased 18.5% YoY as weakness spread across three of the four segments: generalist & multispecialty providers, physician practice management companies (PPMs), and skilled care & behavioral health. Macroeconomic headwinds continued to buffet the sector with interest rate hikes on the horizon and generally weak healthcare services utilization patterns in the first half of the year. Patrick Callaghan, healthcare counsel at Nixon Peabody, indicated that “a recent increase in reorganization and cleanup-related engagements is an early indicator for improved deal activity going forward.”[1]

The decline in deal count in Q2 follows slow deal activity in Q1. Healthcare services deal value in H1 2026 was 7.3% lower YoY. 2026 exit count is on pace to be down 26.5% from 2025, and exit value is on pace to fall 30.9%.

Highlighted deals

The largest transaction in Q2 2026 was KKR’s $3.4 billion IPO of Global Medical Response. The next-largest deal was the $416 million take-private LBO of Cross Country Healthcare by Knox Lane in May, highlighting the strength in clinical staffing activity during the quarter. Strength in the elder care category will likely continue as demographics support these investments and the category sees strong interest from strategic acquirers.

Healthcare services PE deal count by quarter



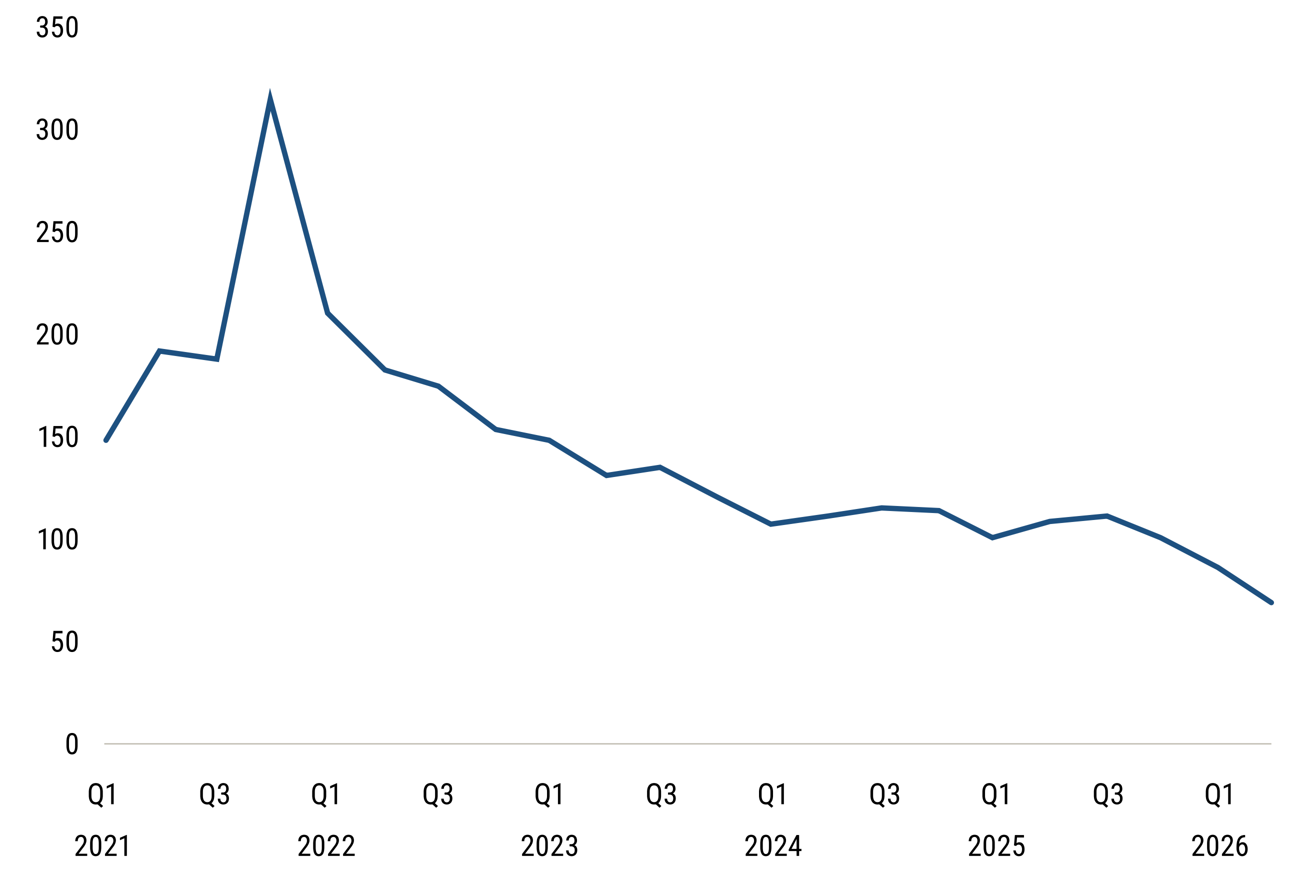
Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Broad weakness across segments except for ancillary & outsourced services

Activity levels remained depressed in Q2 with three of the four segments (skilled care & behavioral health, generalist & multispecialty providers, and PPMs) running behind 2025's annual pace through the first half of 2026. Only ancillary & outsourced services is on track to come close to its 2025 deal count. The PPM segment, the largest segment, remained particularly weak with an extrapolated quarterly deal count of 71 deals, down from the lackluster total of 89 in Q1, 102 in Q4 2025, and 111 in Q2 2025 (down 35.8% YoY). Within ancillary & outsourced services, clinical staffing, diagnostic laboratories, and ambulatory surgical centers (ASCs) activity remained particularly strong. Meanwhile, vision was one of the only bright spots within the PPM segment. The PPM segment is the largest in healthcare services, and its depressed deal activity faces additional headwinds beyond the widely cited macro factors, including increased state scrutiny of PE ownership of PPMs, with tighter regulations slowing deal processes.

Hawaii, Indiana, New York, Pennsylvania, Vermont, and, to a lesser degree, Virginia all entered 2026 with proposals aimed at increasing oversight of healthcare transactions, reinforcing corporate practice of medicine (CPOM) restrictions, and placing additional limits on PE and management services organization (MSO) structures. Examples include Hawaii's proposed 180-day notice-and-approval process and Pennsylvania's proposed requirement of 120 days' advance notice before certain healthcare mergers.

PPM PE deal count by quarter



Source: PitchBook • Geography: US and Canada • As of June 30, 2026

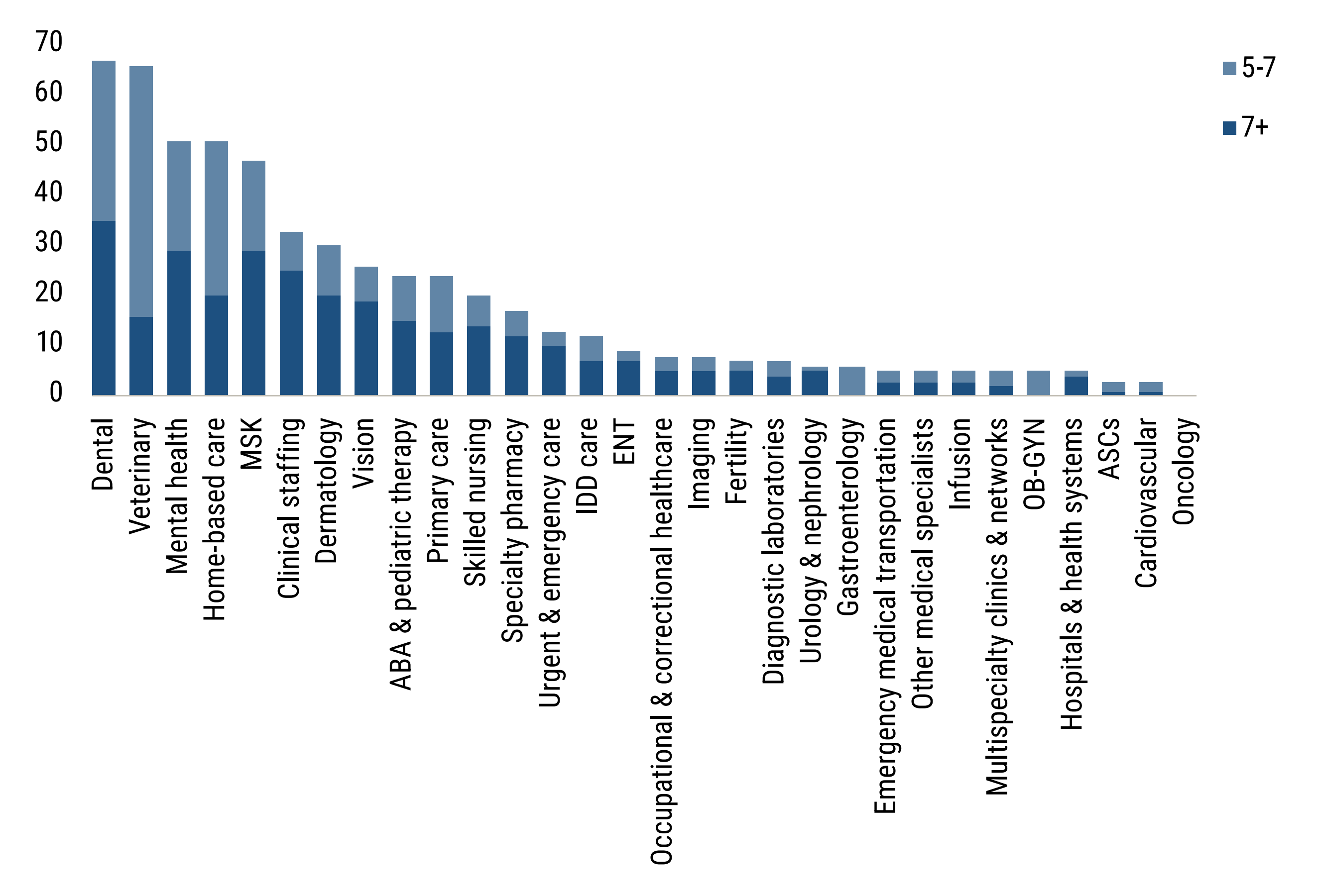
California's AB 1415, which took effect on January 1, 2026, requires at least 90 days' advance notice and detailed financial and governance information for certain material transactions involving healthcare entities. Regulations specifying the information reporting requirements have yet to be written. The law also allows regulators to extend their review, potentially delaying transactions, and applies broadly enough to capture many PE-backed management platforms. Similarly, Rhode Island's regulations, effective January 28, 2026, require advance notice for transactions involving PE firms and MSOs. Oregon's CPOM restrictions, which went into effect in January 2026, aimed at limiting the use of the "friendly physician" model. Combined, these developments are lengthening transaction timelines, increasing deal costs and complexity, and making serial roll-up strategies more complicated to execute.

Despite the increased regulatory hurdles, we see PPMs as fundamentally long-term beneficiaries of the increased throughput and operating efficiencies generated by agentic AI solutions. It will take some time for these efficiencies to be demonstrated, but once the operating playbooks adapt, the return profiles for these assets will be substantially higher than in the past.

Aged inventory

The areas with aged inventories of PE-backed companies (excluding add-ons) include dental, mental health, home-based care, musculoskeletal (MSK), clinical staffing, and dermatology, with each category having at least 20 companies with holding times of at least seven years. Veterinary has 16 companies with holding times of at least seven years but also 50 companies with holding times of five to seven 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.

PE-backed healthcare services company count by subsegment and holding time (years)



Source: PitchBook • Geography: US and Canada • As of June 30, 2026

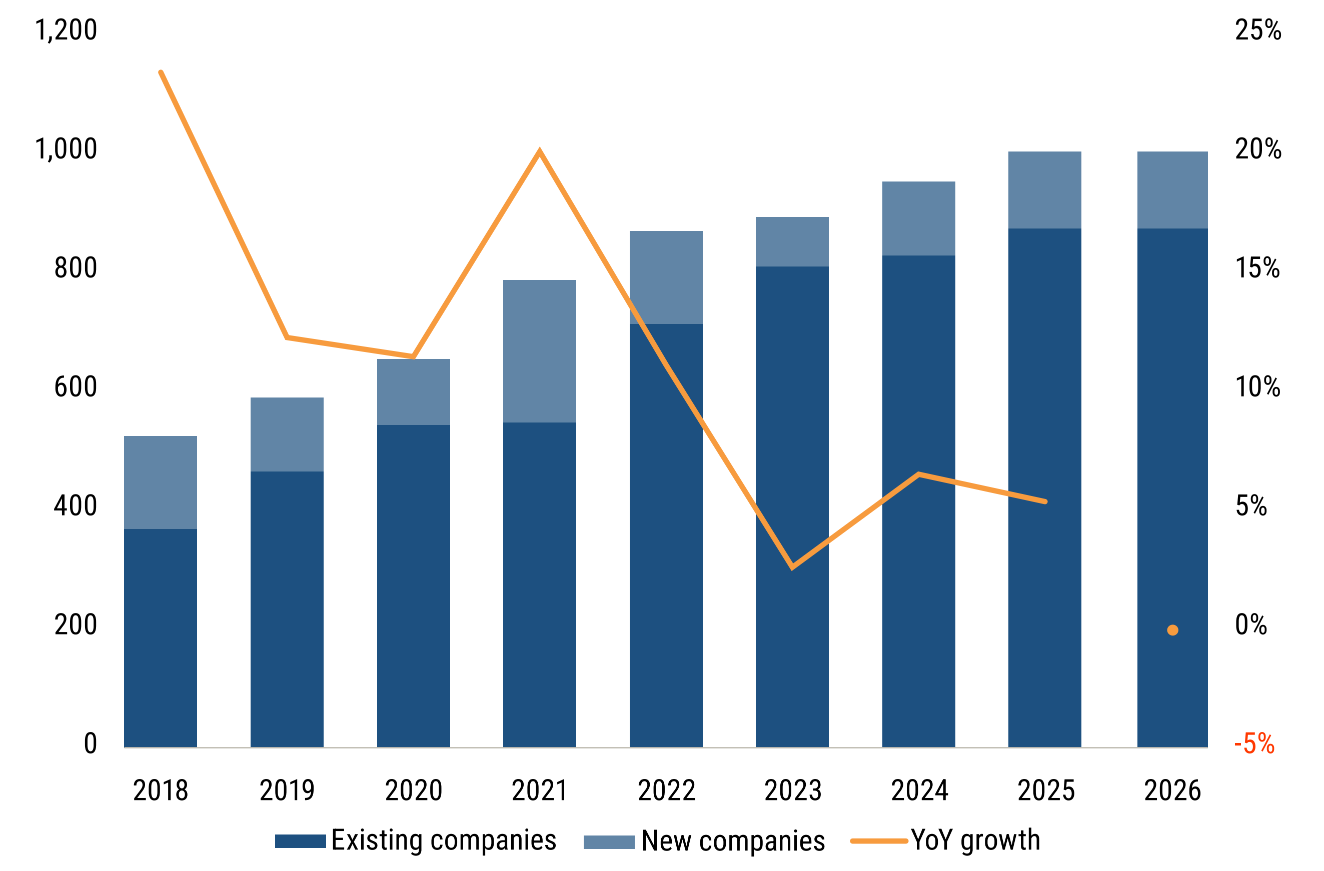
Total healthcare services PE company inventory

This edition of the Healthcare Services Report features a new chart that displays the overall healthcare services PE company inventory. Despite the generally slow dealmaking environment, the data shows the total company count at essentially 2025 levels, which would represent the first year without growth in the number of PE-backed healthcare services companies.

Valuations

Public company valuation multiples for hospitals are near long-term averages (10x enterprise value/ trailing 12-month EBITDA), with providers' shares materially lagging the broader market gains as weak healthcare utilization trends impacted this group. Soft hospital volumes were driven largely by lower insurance coverage as health insurance premium subsidies on the Affordable Care Act exchange products were substantially reduced and more stringent Medicaid eligibility requirements were implemented. The payer segment's median YTD return of 31.1% reflects improved medical care ratios and profitability in the first half of 2026. Similarly, value-based care company fortunes have rebounded on favorable utilization patterns and improved Medicare Advantage reimbursement outlooks with a median 61.3% YTD return.

PE-backed healthcare services company count and YoY growth by year of investment



Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Healthcare services public comparables

Company	Ticker	Enterprise value ($B)	Market cap ($B)	EV/LTM revenue	EV/LTM EBITDA
Ardent Health Services	NYS: ARDT	$3.5	$1.4	0.5x	6.1x
Community Health Systems	NYS: CYH	$11.0	$0.5	0.9x	7.5x
Encompass Health	NYS: EHC	$13.6	$10.0	2.2x	10.4x
HCA Healthcare	NYS: HCA	$138.7	$86.5	1.8x	8.5x
PACS Group	NYS: PACS	$9.9	$6.7	1.8x	17.1x
Select Medical Holdings	NYS: SEM	$5.4	N/A	1.0x	11.1x
Tenet Healthcare	NYS: THC	$30.4	$16.1	1.4x	6.7x
The Ensign Group	NAS: ENSG	$11.0	$9.4	2.1x	17.3x
Universal Health Services	NYS: UHS	$14.1	$9.0	0.8x	5.4x

Sources: PitchBook and Morningstar • Geography: US • As of June 30, 2026

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

ASCs

Clinical staffing

Diagnostic laboratories

Emergency medical transportation

Imaging

Infusion

Specialty pharmacy

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)

- Shore Capital Partners
- Hunter Search Capital
- Pacific Lake
- Petra Capital Partners
- Lorient Capital
- New Harbor Capital
- Maven Equity Partners
- Pine Tree Equity Partners
- The Cambria Group
- CSWC capital southwest
- Eagle Private Capital
- Plexus Capital
- Fulcrum Equity Partners
- NewSpring
- RF Investment Partners

Middle market ($500 million to $1.5 billion)

- Waud Capital
- Chicago Pacific Founders
- Rubicon Founders
- FFL Partners
- InTandem Capital Partners
- Peterson Partners
- AHP
- Amulet Capital Partners LP
- Ascend
- Revelar Capital
- Ufenau Capital Partners
- Windrose Health Investors
- AHP
- Imperial Capital
- Lee Equity

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

- Webster Equity Partners
- Nautic
- Vistria
- Revelstoke Capital Partners
- TowerBrook
- Charlesbank
- Kinderhook Industries

Large cap ($5 billion or more)

- Audax Private Equity
- Kinderhook Industries
- General Atlantic
- TPG
- Apollo
- CD&R
- H.I.G. Capital
- KKR
- Linden
- Partners Group
- GTCR
- LGP Leonard Green & Partners
- Warburg Pincus
- WCAS

Segment data

Generalist & multispecialty providers

Deal activity in H1 put 2026 on pace to be 54.4% below 2025 levels. Pockets of strength included occupational & correctional healthcare and urgent & emergency care.

Ancillary & outsourced services

H1 2026 deal count annualizes to 4.9% below the 2025 full-year deal count. Clinical staffing, diagnostic laboratories, and ASC activity held up well.

PPMs

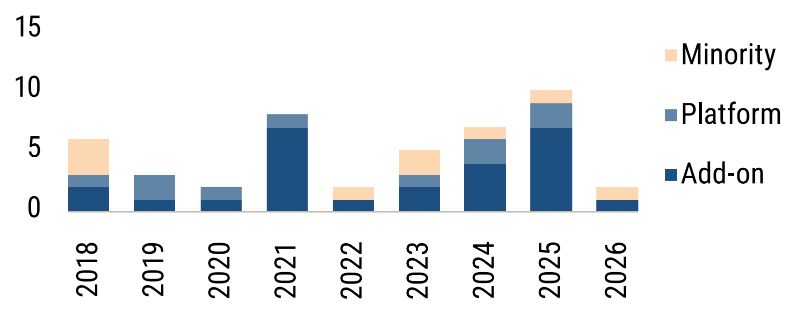
Activity in the first half of the year puts 2026 on track to decline 46.1% from 2025 levels. Vision and fertility deal counts were bright spots, on pace to surpass their 2025 totals.

Skilled care & behavioral health

2026 deal count is set to fall 31.6% below 2025 levels, although ABA & pediatric therapy and IDD care are seeing solid interest.

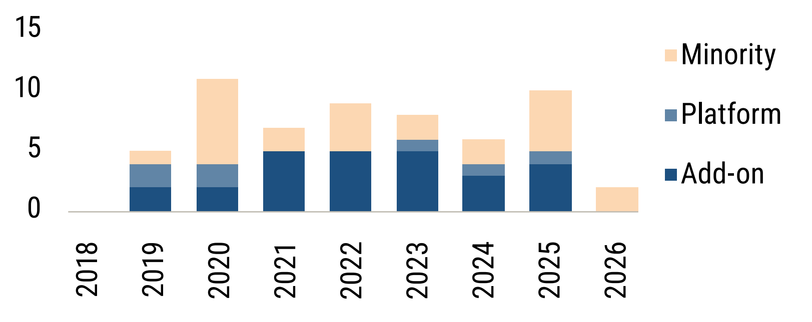
Generalist & multispecialty providers

Hospitals & health systems PE deal count by type



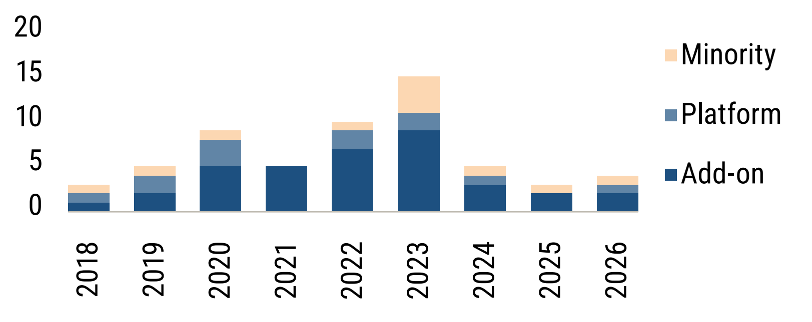
Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Multispecialty clinics & networks PE deal count by type



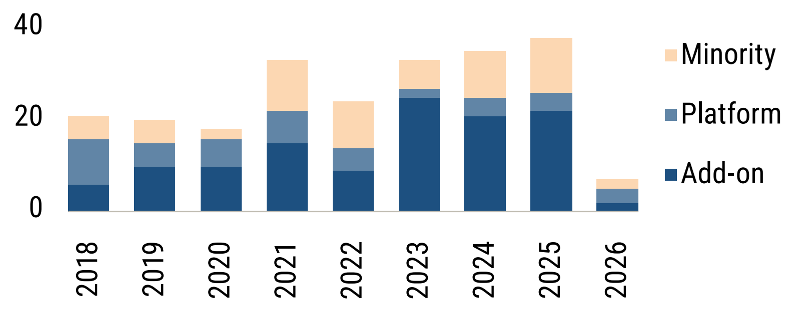
Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Occupational & correctional healthcare PE deal count by type



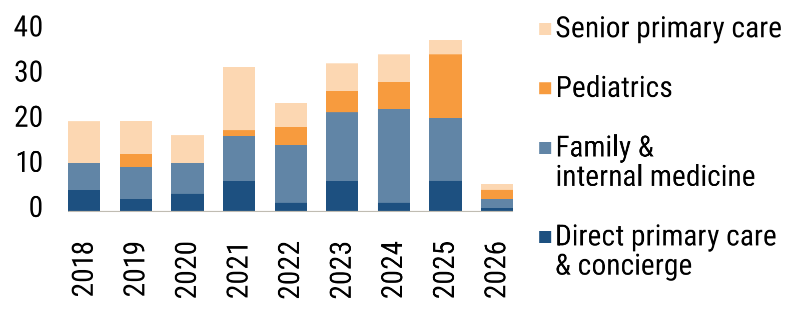
Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Primary care PE deal count by type



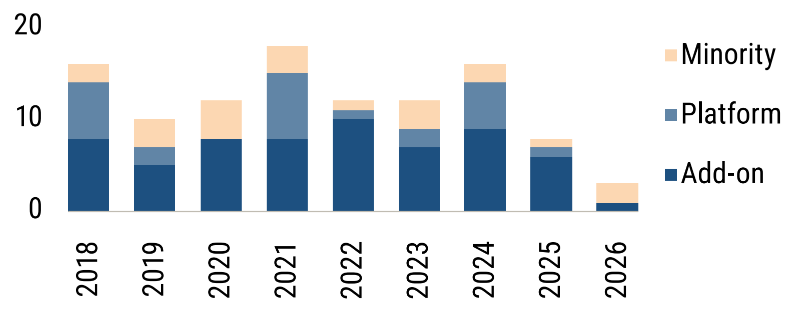
Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Primary care PE deal count by subcategory



Source: PitchBook • Geography: US and Canada • As of June 30, 2026

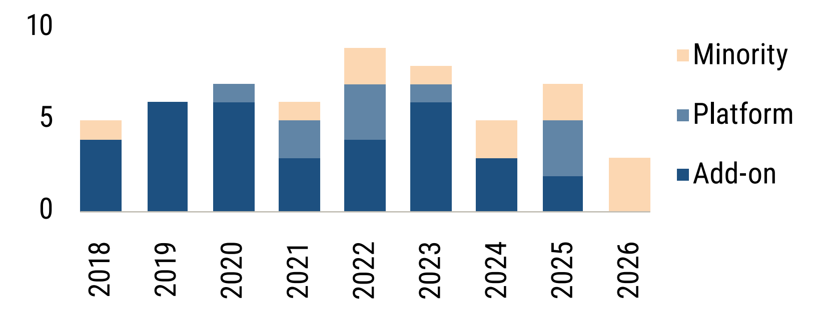
Urgent & emergency care PE deal count by type



Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Ancillary & outsourced services

ASCs PE deal count by type



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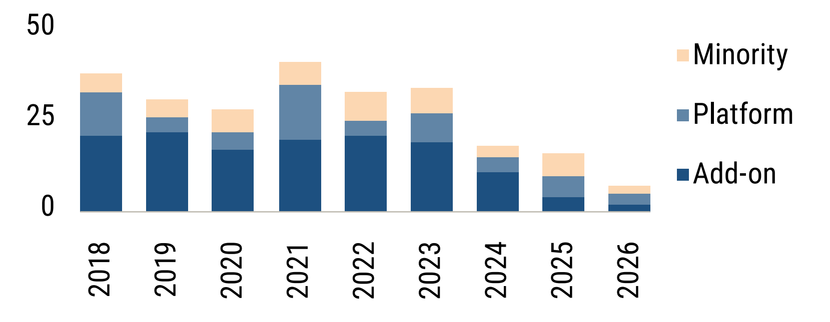
Clinical staffing PE deal count by type



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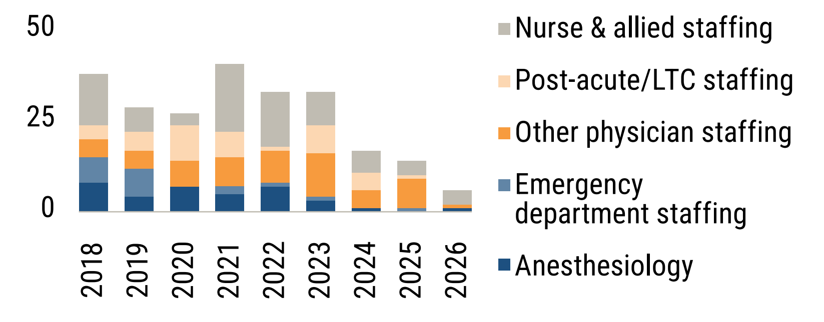
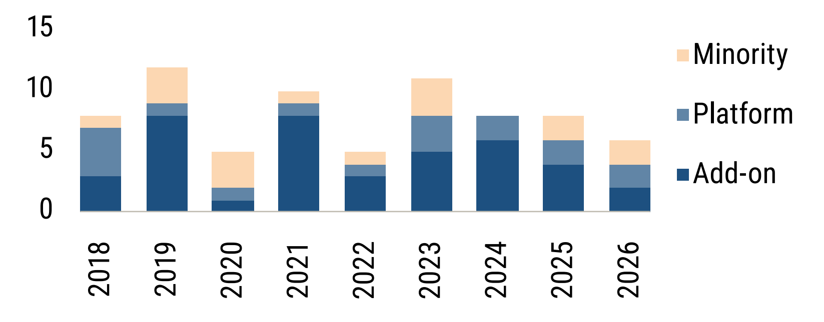
Clinical staffing PE deal count by subcategory



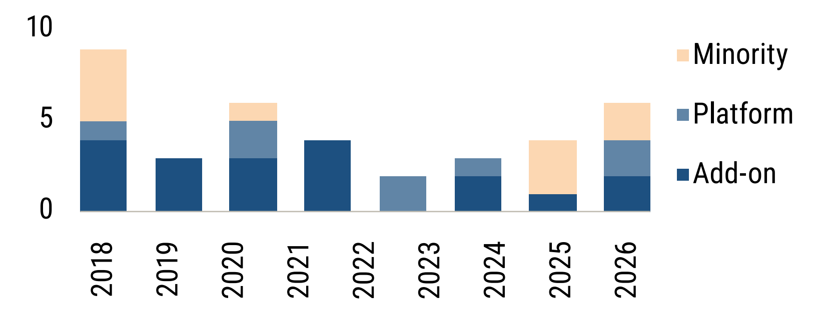
Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Diagnostic laboratories PE deal count by type



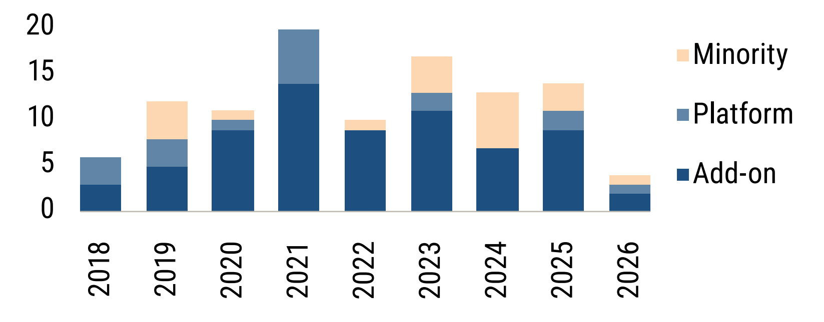
Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Emergency medical transportation PE deal count by type



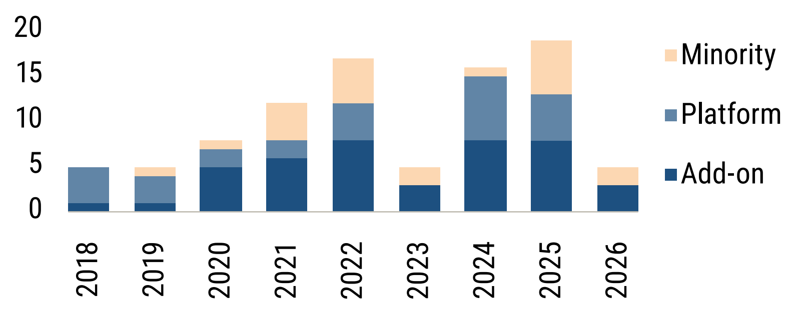
Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Imaging PE deal count by type



Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Infusion PE deal count by type



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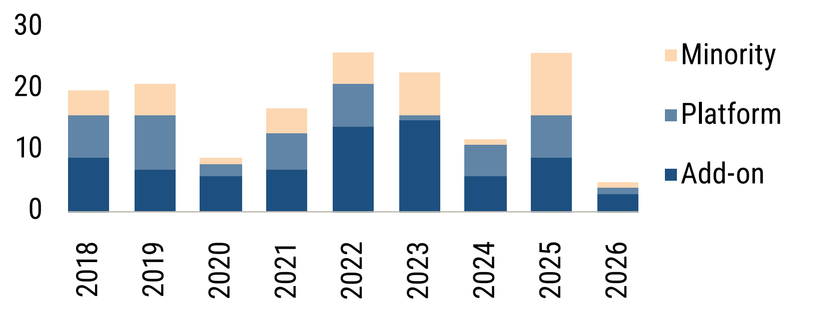
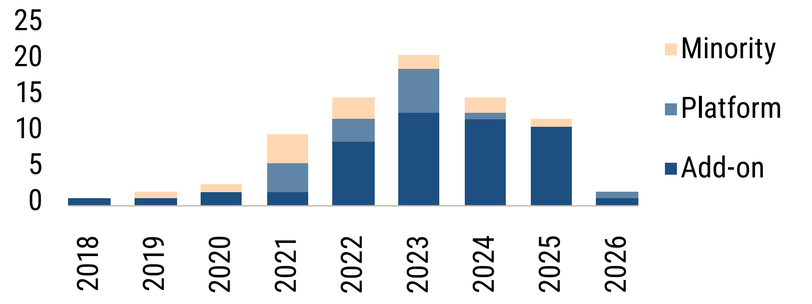
Specialty pharmacy PE deal count by type



Source: PitchBook • Geography: US and Canada • As of June 30, 2026

PPMs

Cardiovascular PE deal count by type



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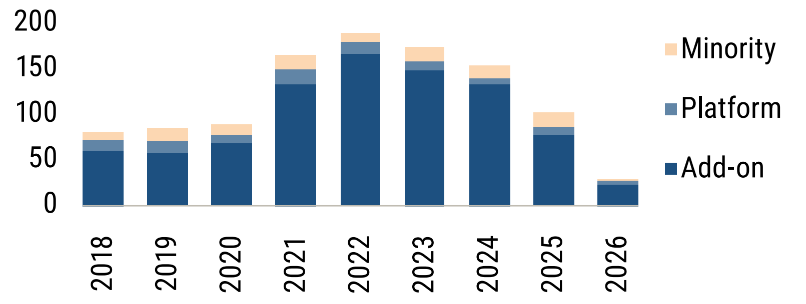
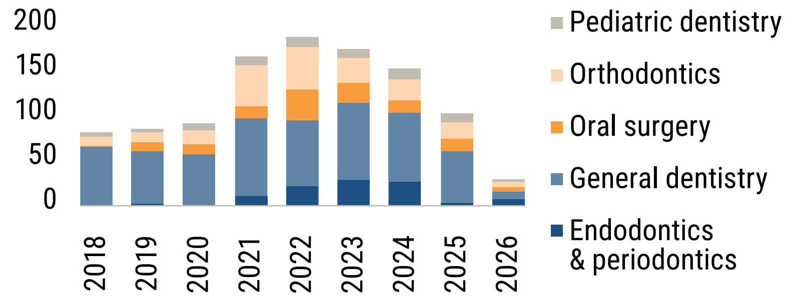
Dental PE deal count by type



Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Dental PE deal count by subcategory



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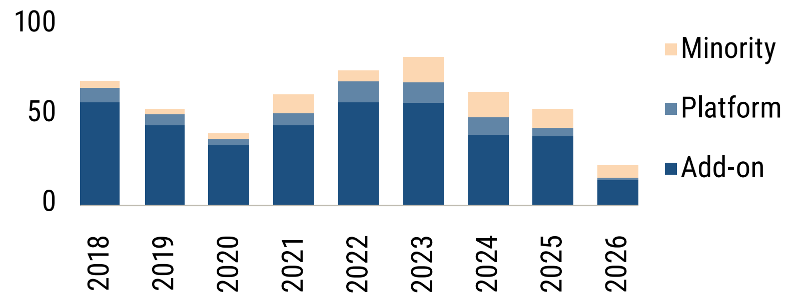
Dermatology PE deal count by type



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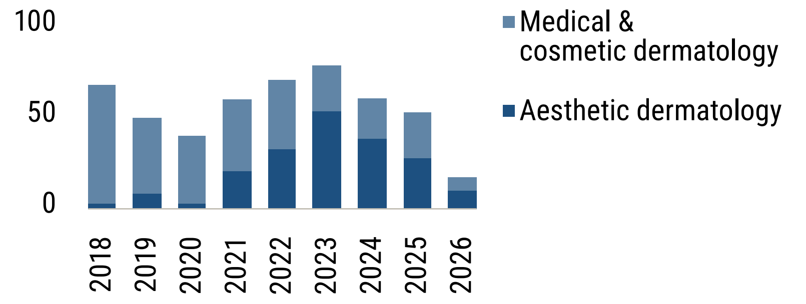
Dermatology PE deal count by subcategory



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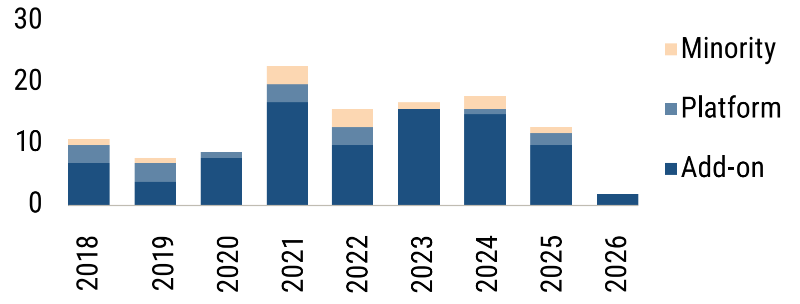
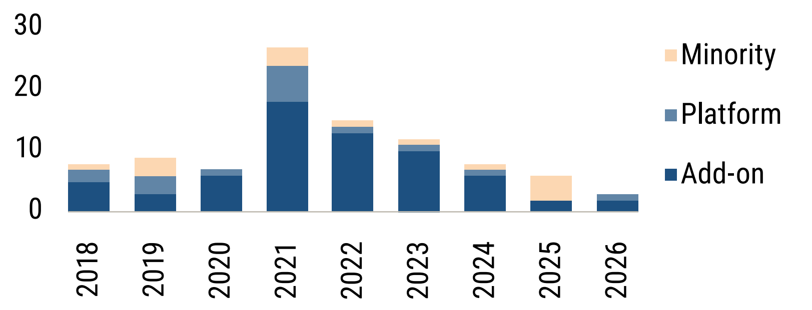
ENT PE deal count by type



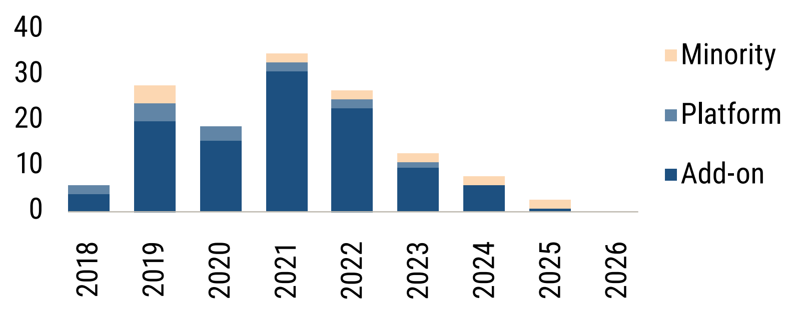
Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Fertility PE deal count by type



Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Gastroenterology PE deal count by type



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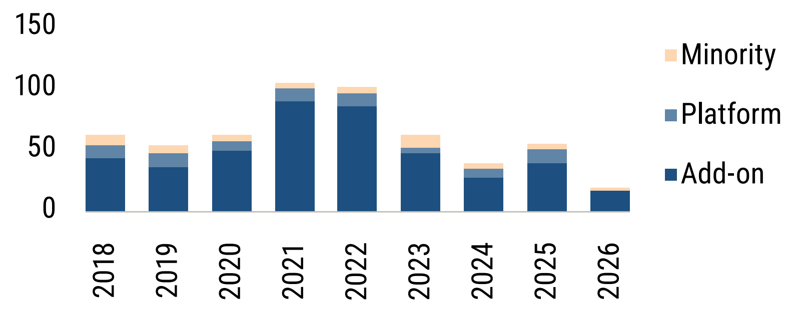
MSK PE deal count by type



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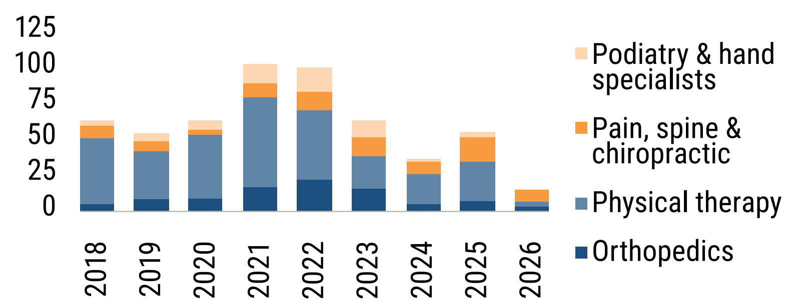
MSK PE deal count by subcategory



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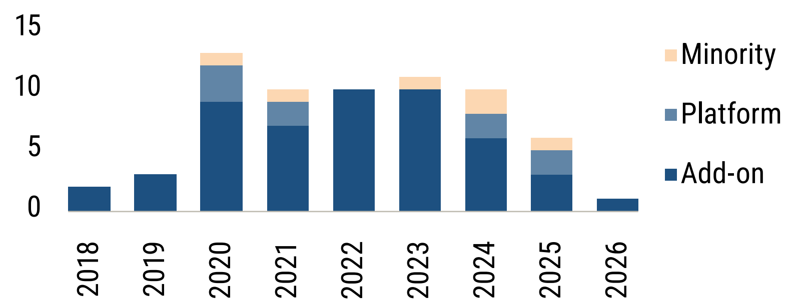
OB-GYN PE deal count by type



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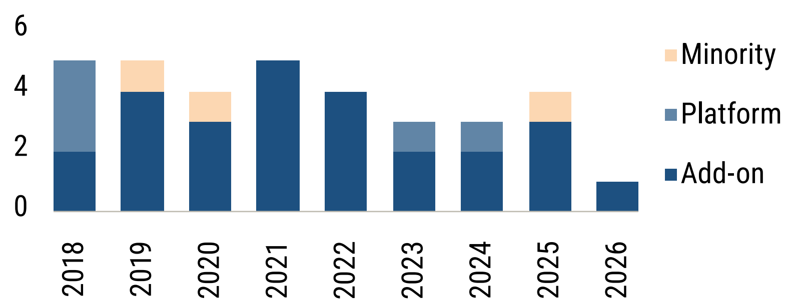
Oncology PE deal count by type



Source: PitchBook • Geography: US and Canada • As of June 30, 2026

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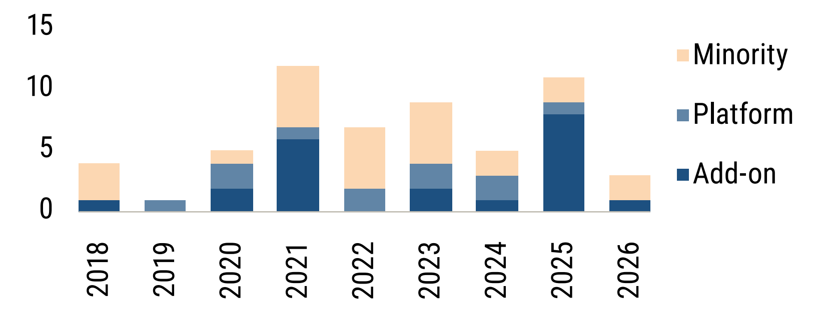
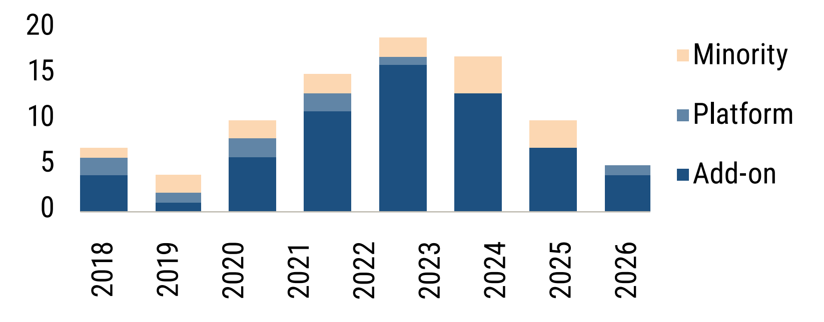
Other medical specialists PE deal count by type



Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Urology & nephrology PE deal count by type



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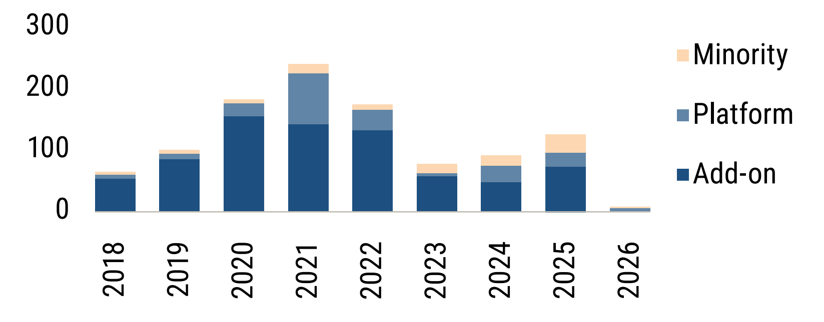
Veterinary PE deal count by type



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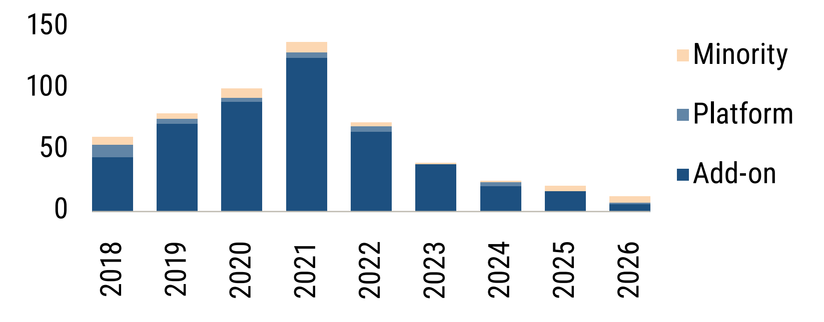
Vision PE deal count by type



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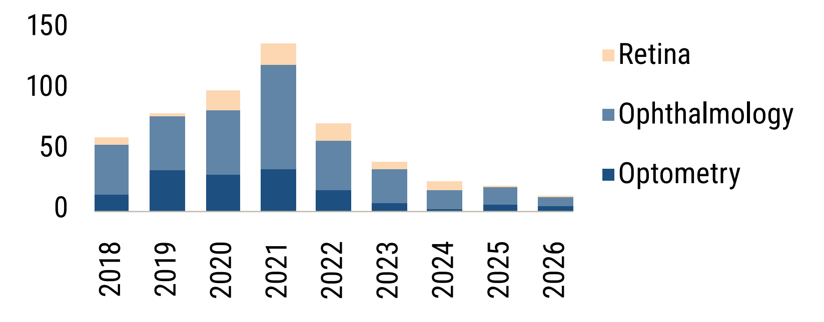
Vision PE deal count by subcategory



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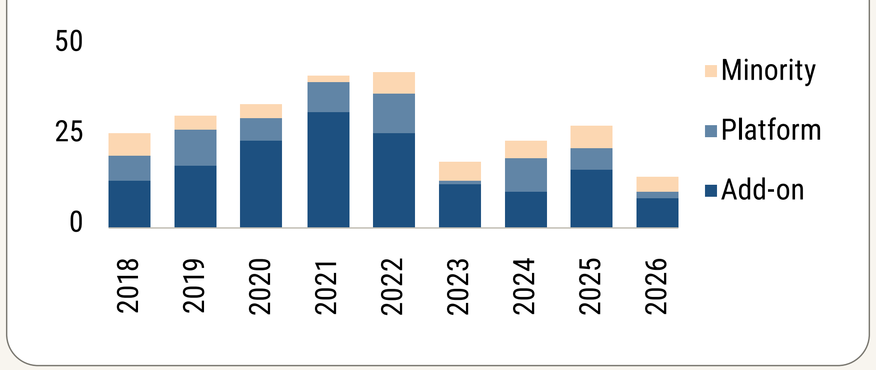
Skilled care & behavioral health

ABA & pediatric therapy PE deal count by type



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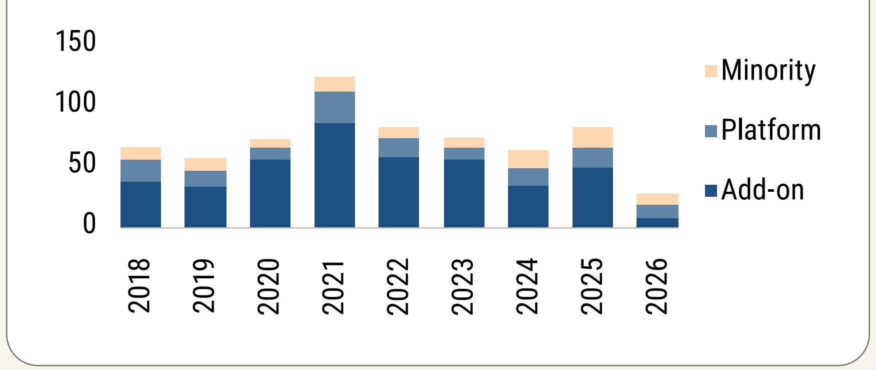
Home-based care PE deal count by type



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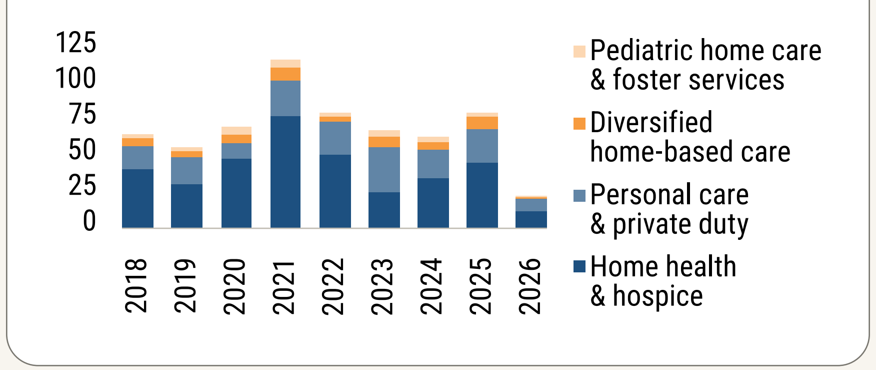
Home-based care PE deal count by subcategory



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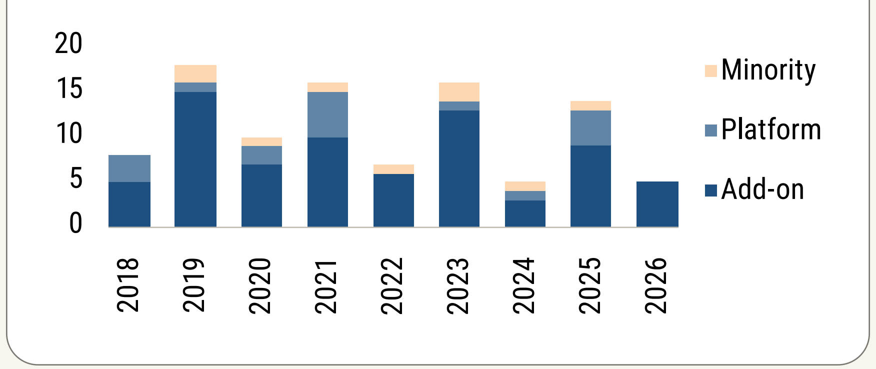
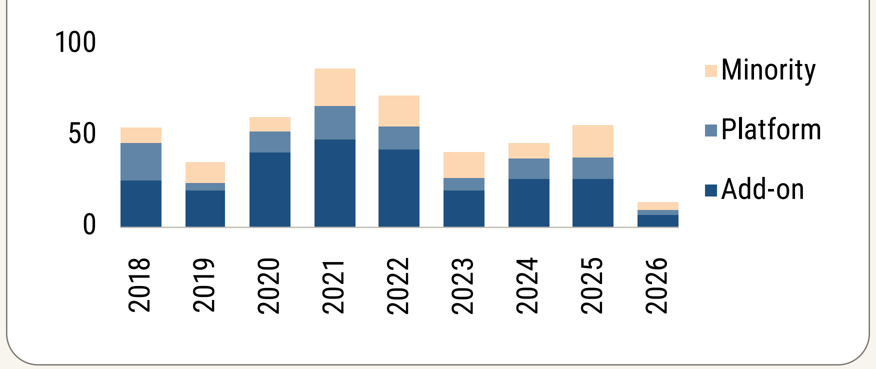
IDD care PE deal count by type



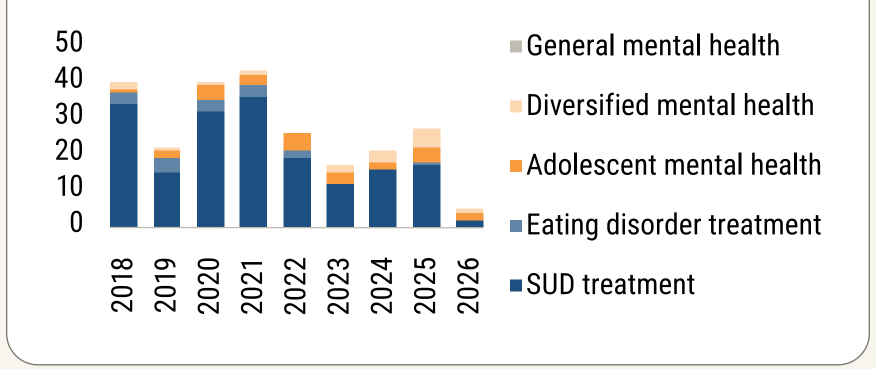
Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Mental health PE deal count by type



Source: PitchBook • Geography: US and Canada • As of June 30, 2026

Mental health PE deal count by subcategory



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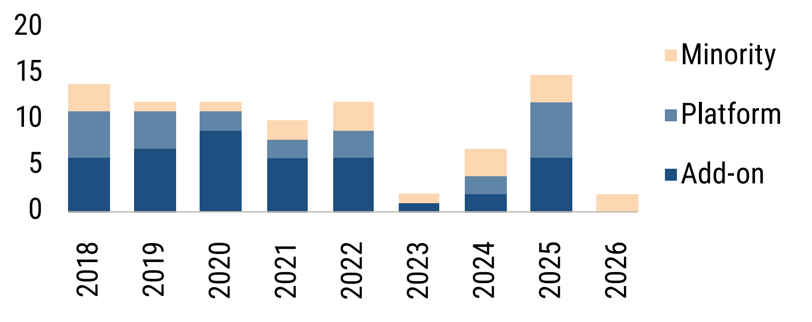
SKILLED CARE & BEHAVIORAL HEALTH

Skilled nursing PE deal count by type



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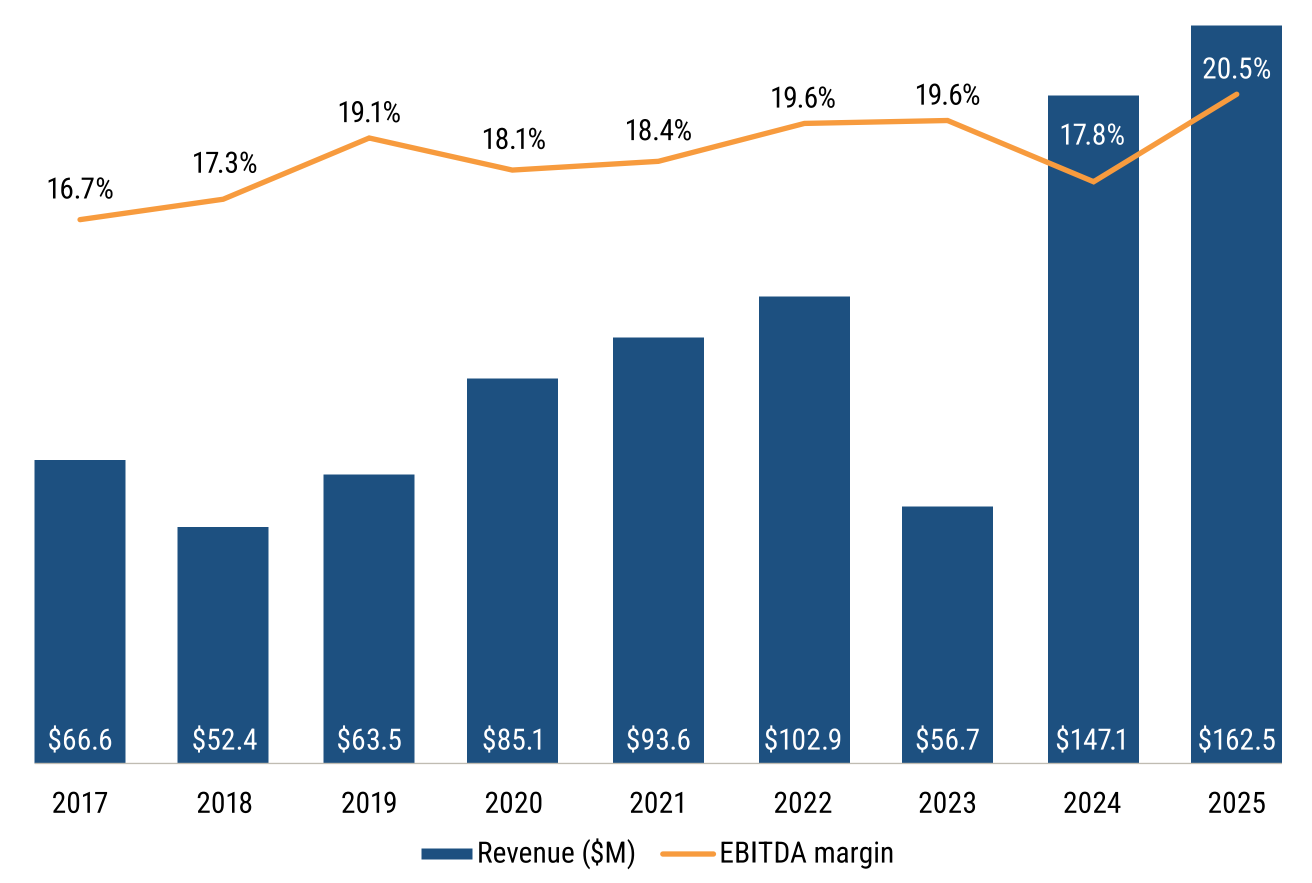
PE benchmarking

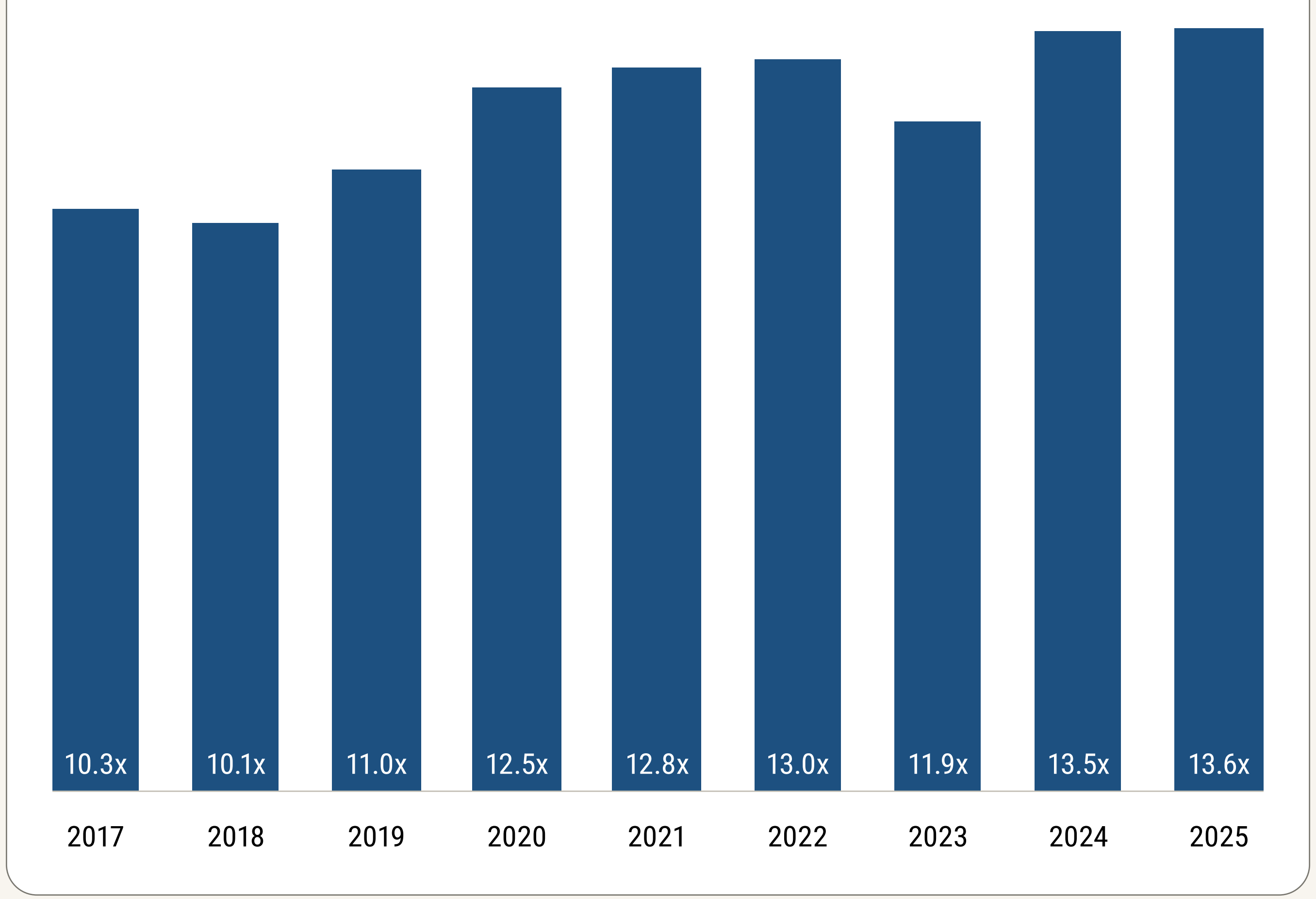
This edition of the Healthcare Services Report also introduces more granular PE-backed healthcare services company operating and valuation metrics from SPI by StepStone. The information is based on Global Industry Classification Standard sector and subsector classifications, including health care facilities, health care services, health care supplies, and managed health care.

Median PE-backed healthcare services company revenue and EBITDA margin at entry



Source: SPI by StepStone • Geography: US and Canada • As of March 31, 2026

Median PE-backed healthcare services company total enterprise value/ EBITDA multiple at entry



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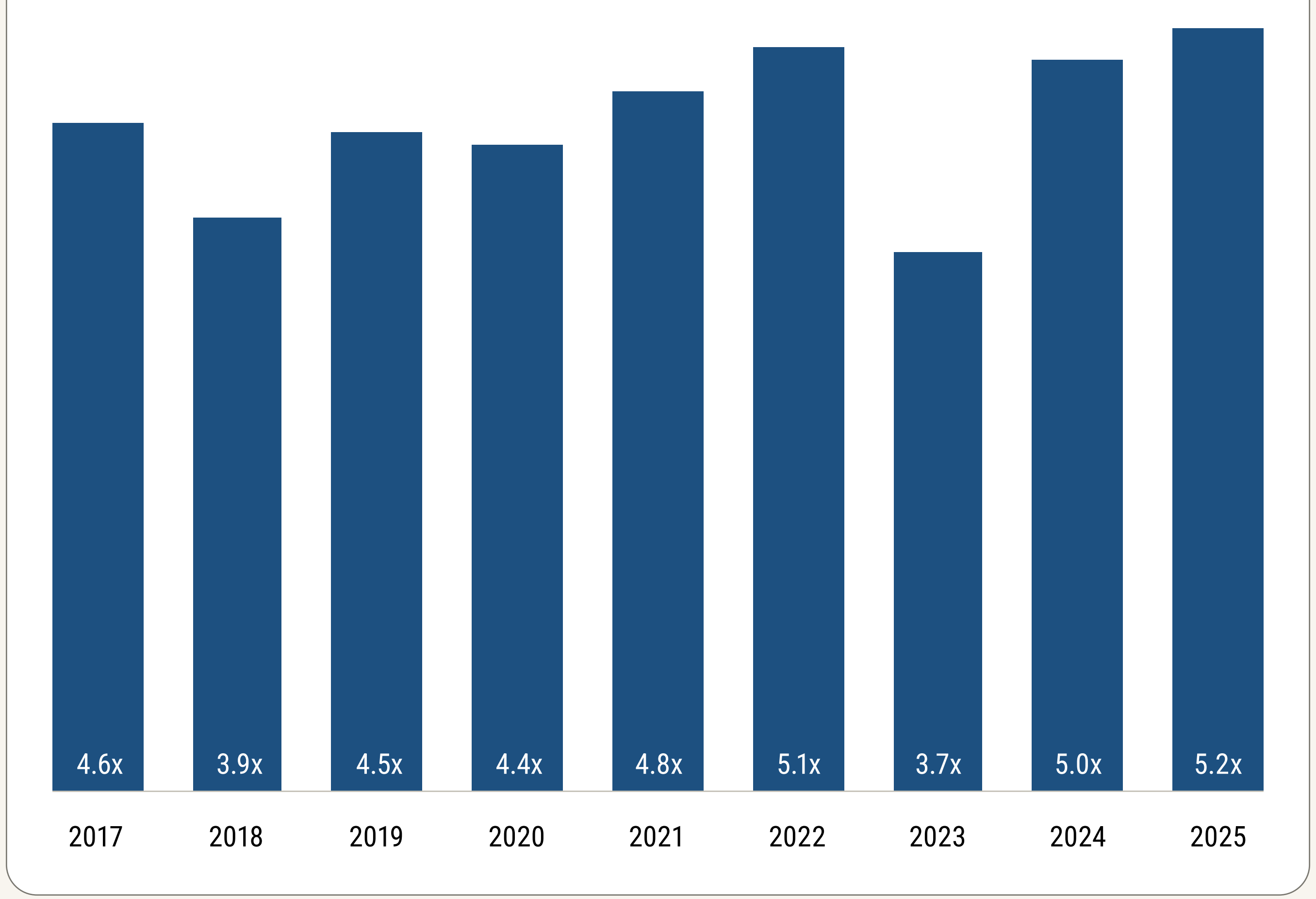
Median PE-backed healthcare services company net debt/EBITDA multiple at entry



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References

1: Patrick Callaghan, healthcare counsel at Nixon Peabody, phone interview by Brian Wright, July 28, 2026.

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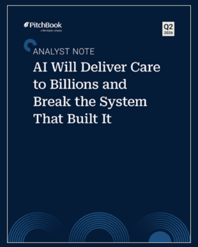
Additional research:



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