

Institutional Research Group



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INDUSTRY RESEARCH

H2 2025 Healthcare IT 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

- Healthcare IT PE deal flow continued to be strong in H2 2025 with solid deal counts and larger deal sizes. The estimated deal count for the second half of 2025 was up 15.9% from the prior-year period, and deal value was up 14.3%. The projected TTM deal count was up 2.1%, and TTM deal value was up 23.9%.
- AI was a factor in the second half of 2025, but to a significantly lesser extent than in the first half, as the proposal to spin out New Mountain Capital's healthcare IT assets in December did not meet our criteria to be included in the year's data. The largest transaction in the second half of 2025 was the \$2.6 billion LBO of Premier, a healthcare supply chain and data analytics company, by an affiliate of Patient Square Capital. The second-largest transaction was the \$1.1 billion LBO of AGS Health, an end-to-end RCM vendor, by Blackstone for an 18.3x 2025 EV/EBITDA multiple. It will be interesting to see what the "SaaS-pocalypse" will mean for PE-backed RCM vendor valuations in 2026 and beyond, especially with CommonSpirit Health paying Tenet Healthcare \$1.9 billion to get out of its RCM contract with Tenet's subsidiary Conifer Health Solutions. CommonSpirit Health will transition its RCM functions to Midstream Health, an AI RCM vendor backed by CommonSpirit and Andreessen Horowitz. The collection-rate economics should be watched closely.
- The analytics & value-based care segment led deal count growth for the healthcare IT vertical in 2025 at 109.1%, driven by robust H2 deal activity, though there was a void of value-based care deals amid substantial activity in population health & clinical analytics as well as point-of-care tools and social determinants of health & high-risk care. Provider operations activity slowed in the second half of 2025, though deal value in this category grew 12.5% in 2025 on strong first-half activity.
- Valuation levels for deals moderated in the second half of 2025 amid fewer exceptional growth assets with native AI capabilities, with EV/EBITDA multiples in the high teens to low 20s. This is consistent with valuation levels seen in 2024, with larger-scale, higher-quality assets in the high-20s range. The take-private of Premier was at the low end of the range in the low double digits, given its growth profile.

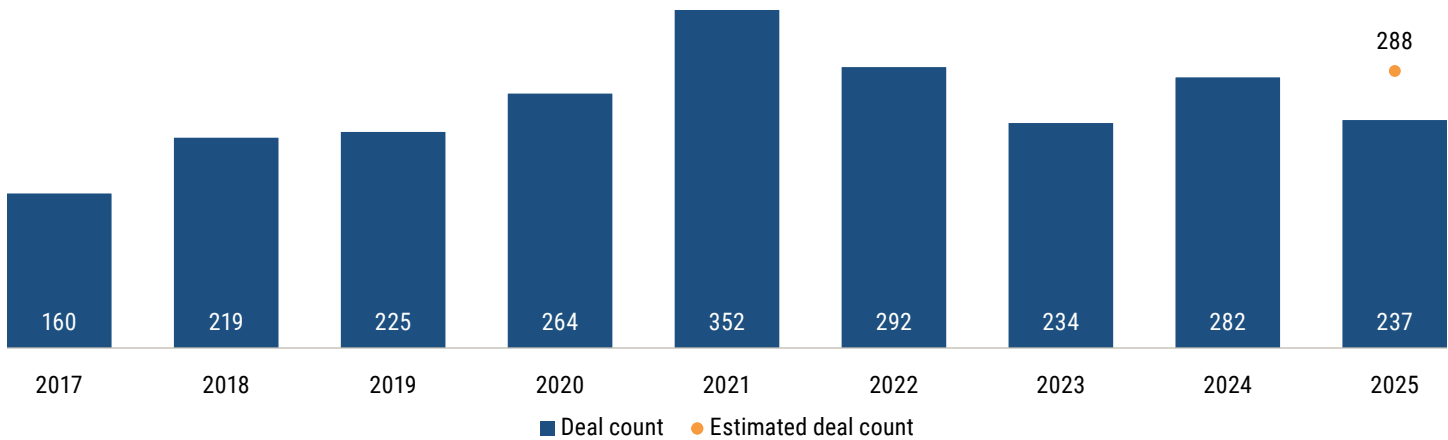


- Our “healthcare IT deal of the year” went to Clearlake Capital’s \$5.3 billion acquisition of ModMed from Warburg Pincus in March, as the Rule of 40 company expects to be a Rule of 50 company in the near future and leads peers in Black Book’s specialty EHR rankings. The technology-forward company should not only survive but also thrive in the AI-native future. ModMed’s product offerings span EHR, practice management, RCM, analytics, patient communications, and payment processing. ModMed’s platform has focused on automation of PPM workflows, and recent product expansions include AI workflow agents and its own integrated ambient AI scribe tailored to medical specialties. One interesting aspect of ModMed’s scribe is that it downloads to a local device, reducing latency.

PE update

Healthcare IT PE deal count increased 2.1% in 2025 with estimated H2 deal count 15.9% above H2 2024 levels. The total transaction value in 2025 of \$43.4 billion was a massive 23.9% higher than 2024’s total, making it the second-highest on record, behind only the post-pandemic free-money-bubble peak of \$68.8 billion in 2021. The second-half transaction value of \$22.4 billion increased 14.3% from the second half of 2024. Exit activity was strong in 2025 with exit count up 7.7% and exit transaction value up 48%. However, exit activity moderated in the second half of 2025 with exit count down 20% on difficult comparisons with the back half of 2024.

Healthcare IT PE deal count



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

AI-related deals slowed in H2 2025

AI remained an important, albeit more measured, theme in healthcare IT PE in the second half of 2025 compared with the AI-driven enthusiasm seen earlier in the year. While December discussions around a potential spinout of New Mountain Capital’s healthcare IT assets signaled continued strategic repositioning around AI-enabled platforms, the transaction did not meet our criteria to be included in the year’s data. Instead, second-half activity was defined by large-scale buyouts with embedded AI and automation exposure rather than pure-play AI bets. The \$2.6 billion LBO of Premier by an affiliate of Patient Square Capital and the \$1.1 billion acquisition of



AGS Health by Blackstone at an 18.3x 2025 enterprise value (EV)/EBITDA multiple underscored sustained sponsor appetite for data-enabled assets and scaled revenue cycle management (RCM) businesses. However, forward-looking valuation questions are emerging as AI-native RCM models gain traction—highlighted by CommonSpirit Health paying Tenet Healthcare \$1.9 billion to exit its RCM contract with Tenet’s subsidiary Conifer Health Solutions in order to transition to AI-native capabilities at Midstream Health, which is backed by both CommonSpirit and Andreessen Horowitz. These dynamics set up 2026 as a potential inflection point for PE-backed RCM vendor multiples amid broader software-as-a-service (SaaS) valuation pressure.

By contrast, the first half of 2025 was defined by a marquee AI-forward platform transaction: ModMed’s \$5.3 billion acquisition by Clearlake Capital from Warburg Pincus in March. Named our “deal of the year in healthcare IT,” the ModMed transaction exemplifies the emerging AI-resilient healthcare IT archetype—ModMed is a Rule of 40 company trending toward Rule of 50 performance while leading specialty electronic health record (EHR) rankings. Its vertically integrated suite spanning EHRs, practice management, RCM, analytics, patient engagement, and payments is increasingly differentiated by automation of physician practice management (PPM) workflows, embedded ambient AI scribes tailored to medical specialties, and AI workflow agents. Notably, ModMed’s decision to deploy its ambient scribe on local devices to reduce latency reflects a pragmatic AI architecture strategy aligned with provider workflow realities. Together, 2025 activity suggests that while headline AI hype moderated in the back half of the year, PE conviction remains strongest around scaled, workflow-embedded AI platforms positioned to drive durable margin expansion in an AI-native healthcare ecosystem.

At the McDermott Will & Schulte Healthcare Private Equity Conference in Miami in early March, a poll of attendees found that healthcare IT/AI-enabled services were expected to lead deal activity in 2026 with 47% of the votes. Physician/outpatient platforms garnered the second-most votes at 26%. Within healthcare IT, revenue cycle and administration automation was cited as the tech segment expected to have the most PE investments over the next 12 to 24 months.

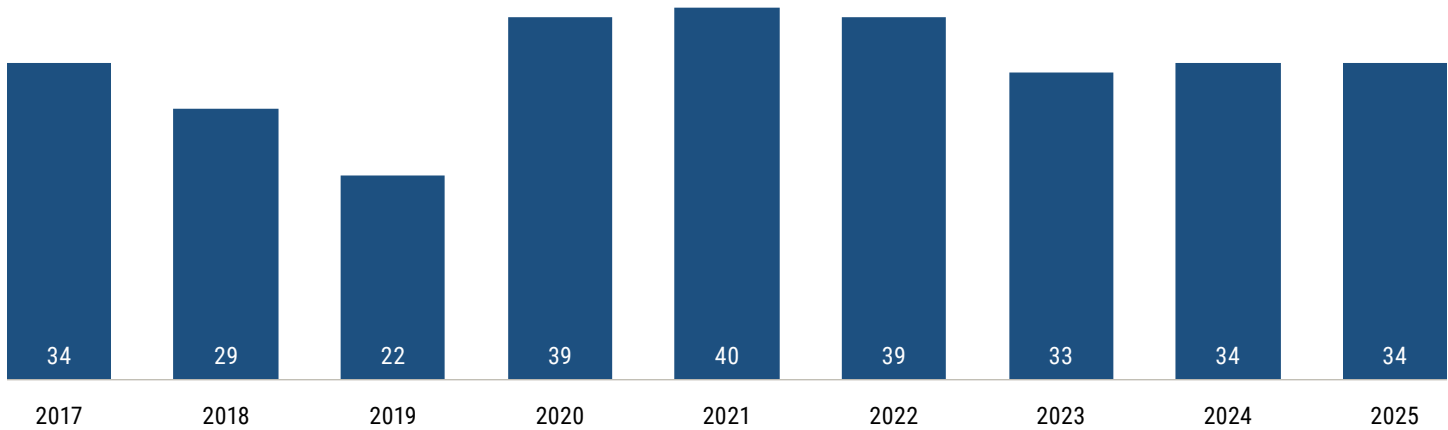
We would utilize this likely strength in demand for revenue cycle assets to reduce exposure going forward. While we recognize the potential for AI to enhance the margin profile of these businesses with reduced labor costs, we believe competition from AI-native venture-backed RCM companies and EHR vendors will reduce take rates over the long term.

Cost containment likely to see increased activity in 2026

While managed care deal activity was strong in the first half of 2025, full-year results were flat with 2024 figures. Against disastrous 2025 medical-care-ratio results for payers that accelerated in the second half of 2025, we expect sponsor deal activity in managed care to accelerate in 2026 and beyond.



Managed care PE deal count



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

Highlights from H2 2025

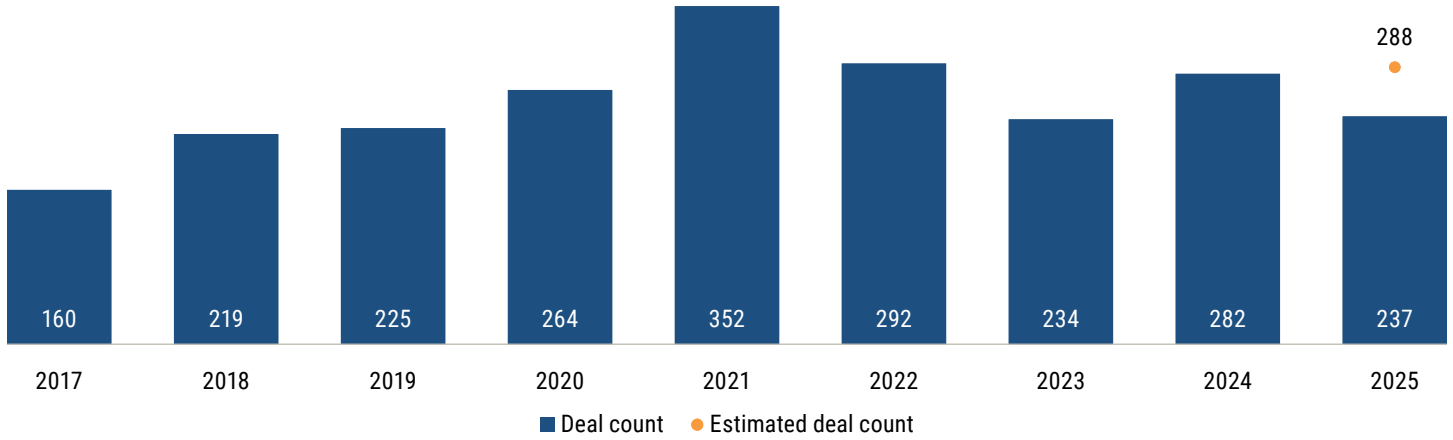
The second half of the year saw several noteworthy deals:

- Premier, a healthcare supply chain and data analytics company, was acquired by an affiliate of Patient Square Capital in a \$2.6 billion LBO that closed in November. At the time of the announcement in September, the transaction valuation equated to approximately 12x estimated 2026 adjusted EBITDA.
- AGS Health was acquired by Blackstone in an LBO in July for \$1.1 billion, or 18.3x 2025 EV/EBITDA. AGS is an end-to-end RCM automation provider.
- UST HealthProof was acquired in an LBO valued at \$1.3 billion by Bain Capital-owned HealthEdge in September. UST HealthProof is a health plan administration platform. The combination with HealthEdge provides a full-service health plan administration platform with AI capabilities.
- Assembled Intelligence, a provider operations vendor offering marketing & patient acquisition services, raised \$864 million in growth capital from Amulet Capital Partners in October.
- Performant Healthcare was acquired by Machinify with financial backing from its financial sponsors GV, New Mountain Capital, Ardan Equity, Battery Ventures, Eir Partners, and Matrix in an estimated \$670 million take-private LBO in October. The deal value equates to 4.9x trailing 12-month (TTM) revenue and 100x TTM EBITDA. Performant is a utilization management, payment integrity, and claims review vendor for payers.
- Deeplntent was another significant transaction in the marketing & patient acquisition services space in the second half of 2025. The company was sold to Vitruvian Partners in an LBO for \$637 million in September. The entity then received \$40 million in recapitalization funding in October.



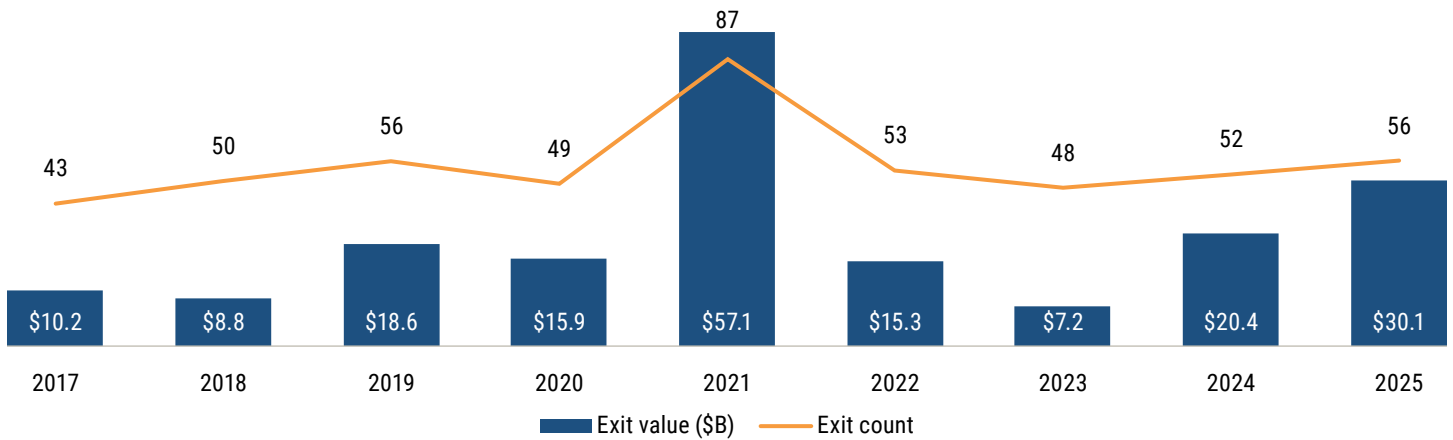
Appendix

Healthcare IT PE deal count



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

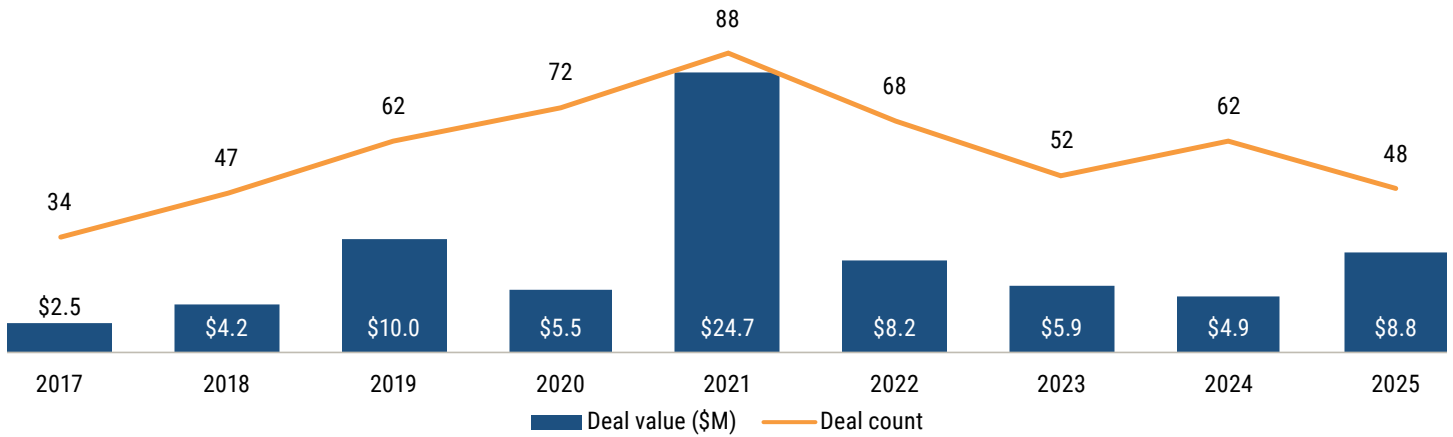
Healthcare IT PE exit activity



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

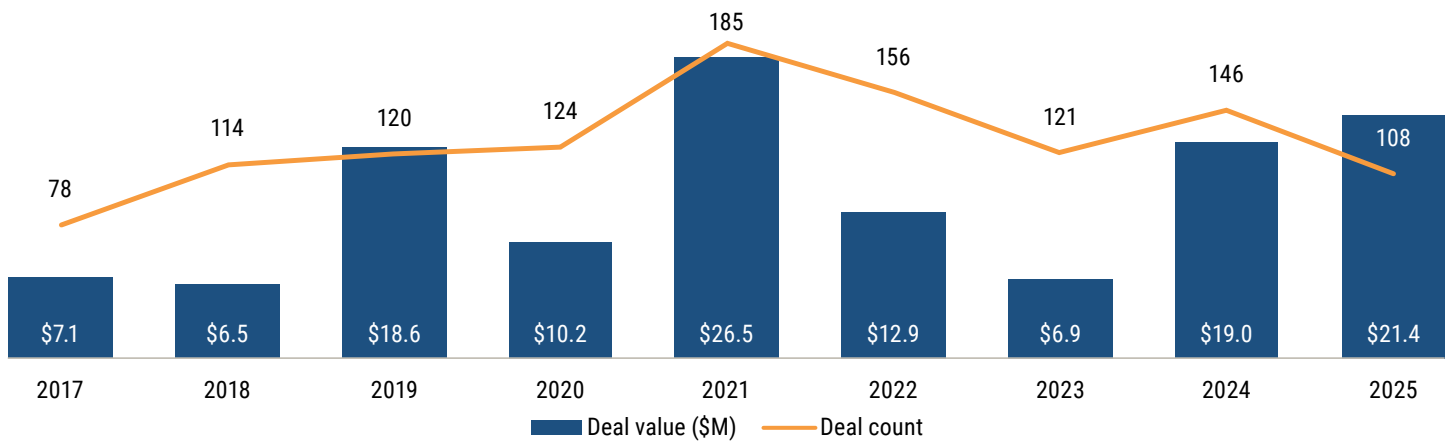


Clinical information systems PE deal activity



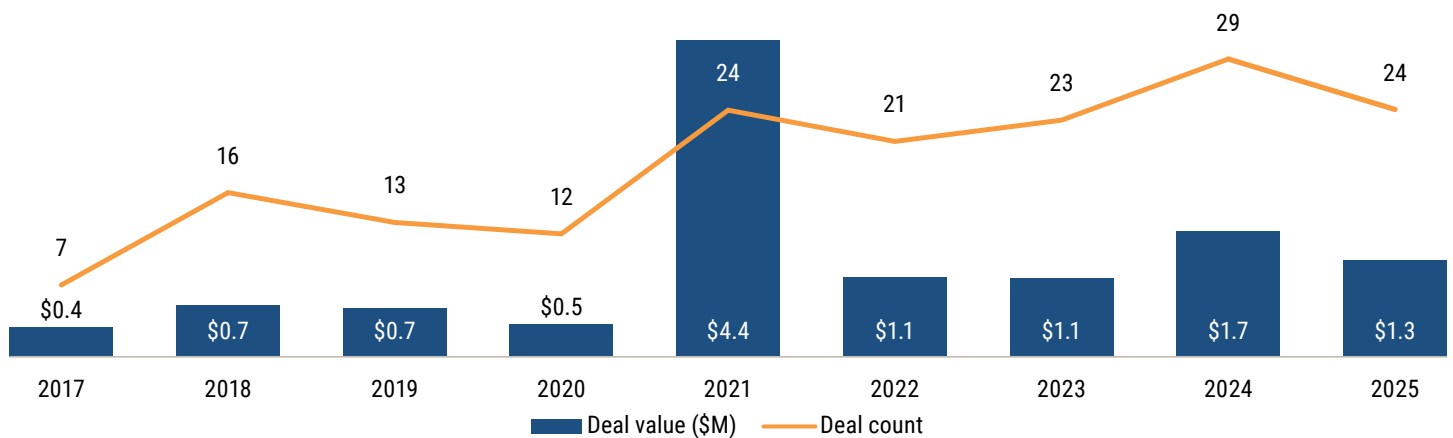
Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

Provider operations PE deal activity



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

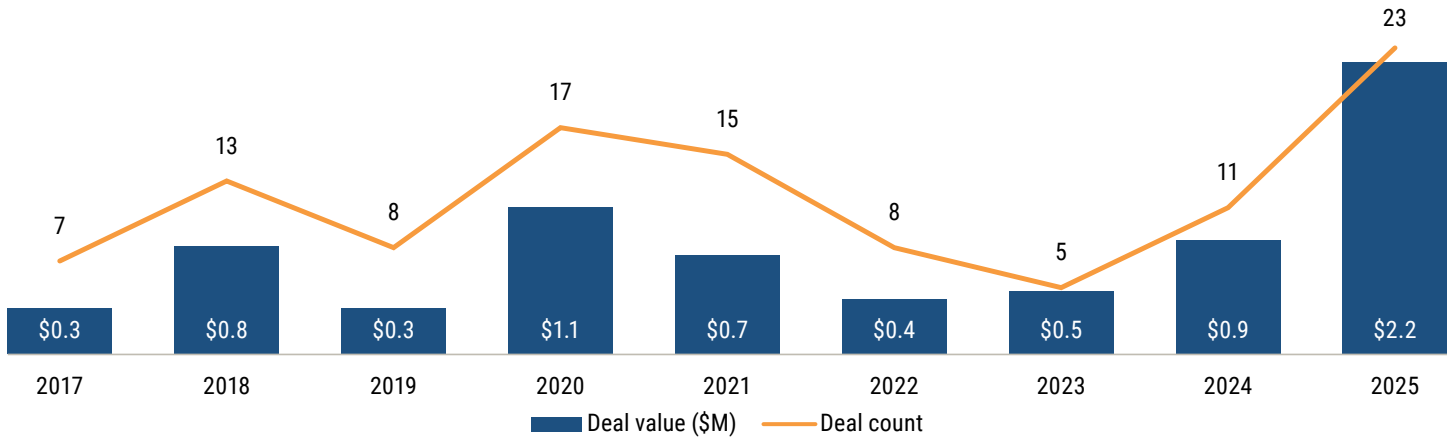
Virtual & remote care PE deal activity



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

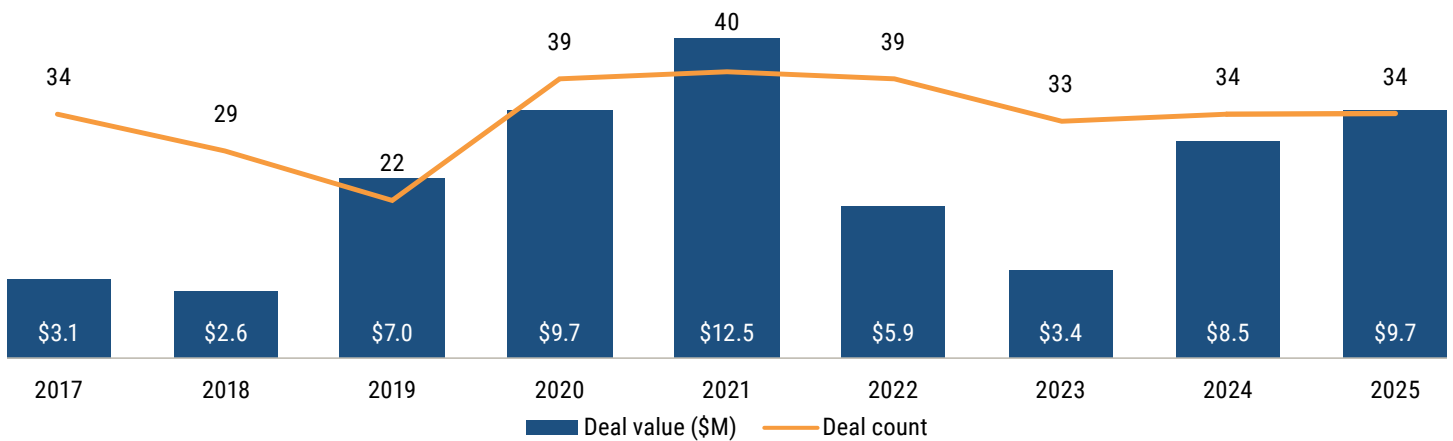


Analytics & value-based care PE deal activity



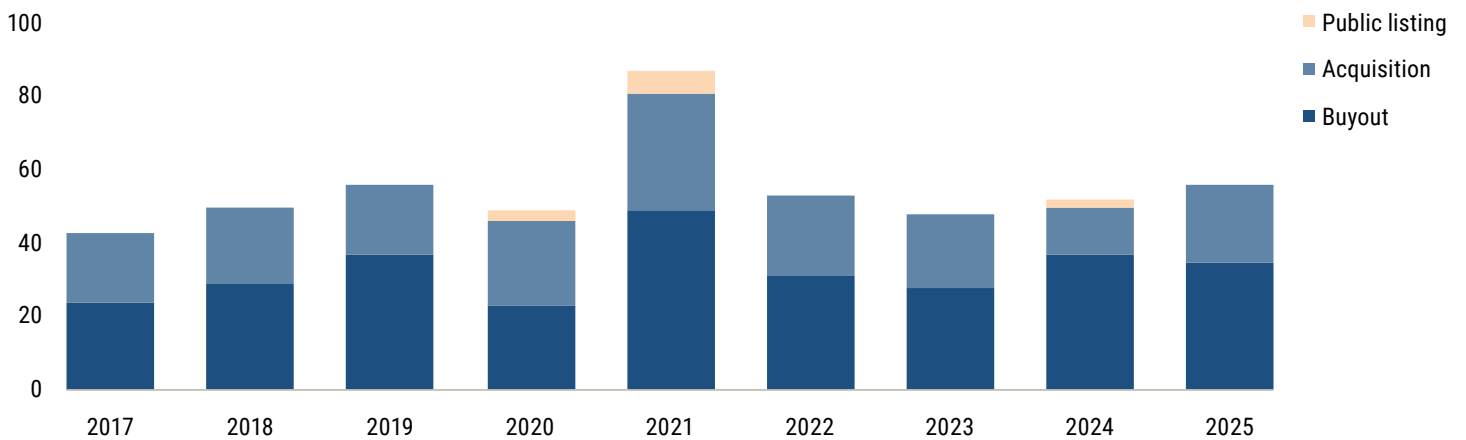
Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

Managed care PE deal activity



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

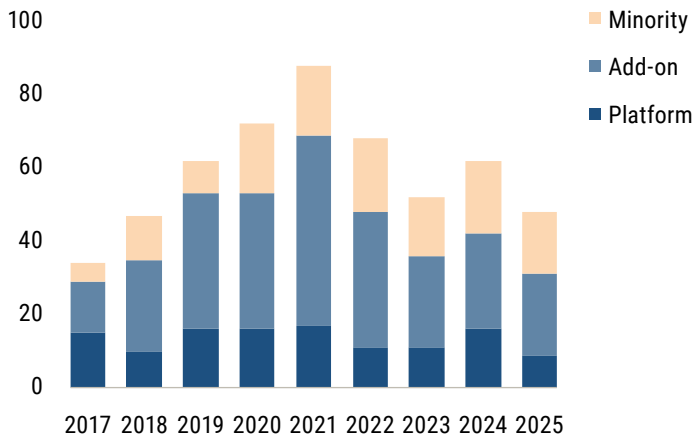
Healthcare IT PE exit count by type



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

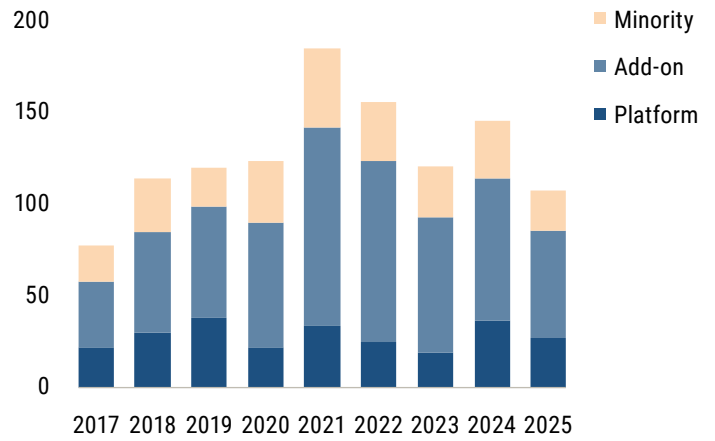


Clinical information systems PE deal count by type



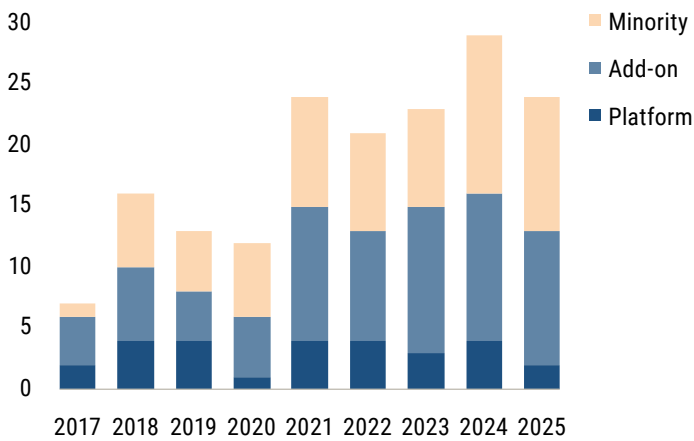
Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

Provider operations PE deal count by type



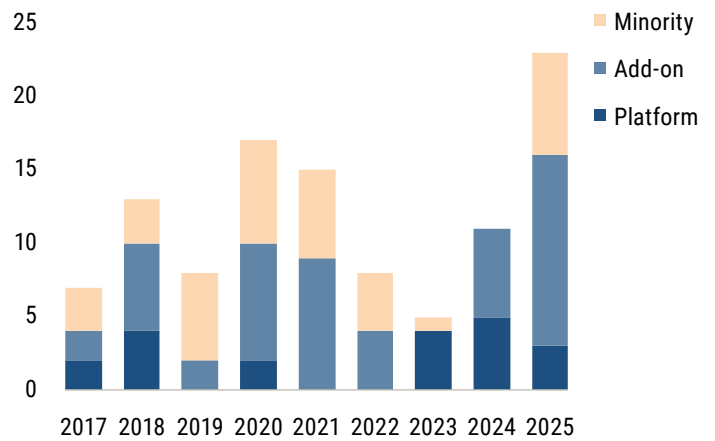
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Virtual & remote care PE deal count by type



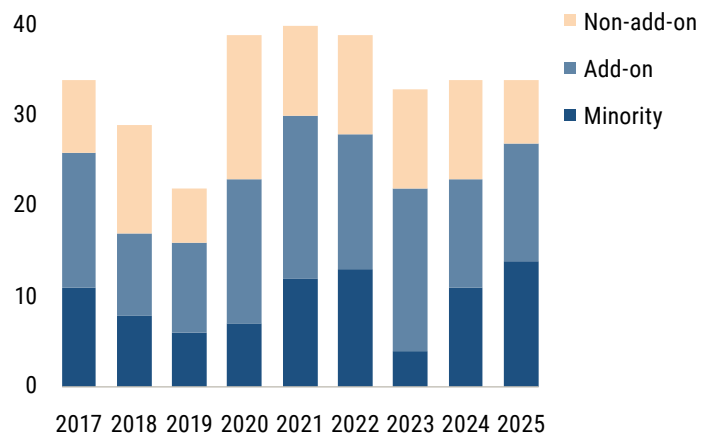
Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

Analytics & value-based care PE deal count by type



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

Managed care PE deal count by type



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

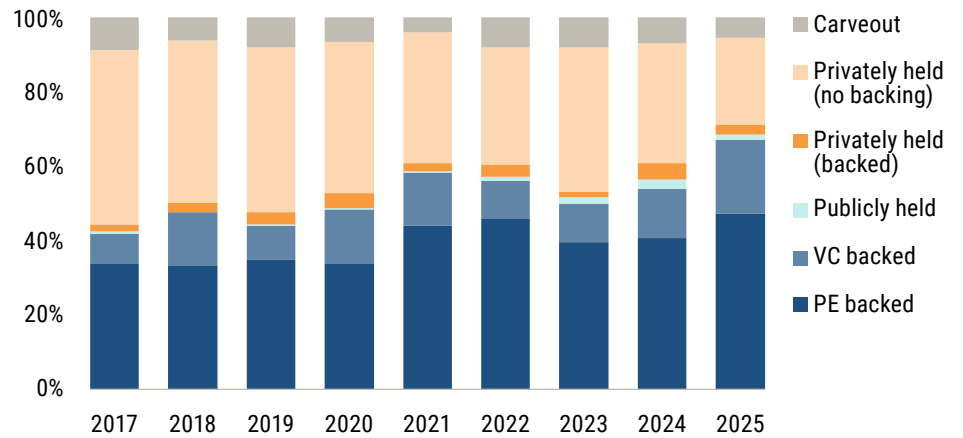


Top PE investors in healthcare IT since 2017

Investor	Deal count	Primary investor type
New Mountain Capital	18	PE/buyout
TA Associates Management	18	PE/buyout
Ares Management	17	Asset manager
The Carlyle Group	13	PE/buyout
Francisco Partners	12	PE/buyout
Clearlake Capital Group	12	PE/buyout
PSG	11	Growth/expansion
Endurance Search Partners	11	Family office
Aquiline	11	PE/buyout

Source: PitchBook • Geography: North America and Europe • As of December 31, 2025

Share of healthcare IT PE deal count by backing status



Source: PitchBook • Geography: North America and Europe • As of December 31, 2025



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