



M&A trends in healthcare

H1 2025 M&A trends report

Smart optimism,
smarter diligence

Issue date: September 15, 2025

kpmg.com



A recalibration in motion

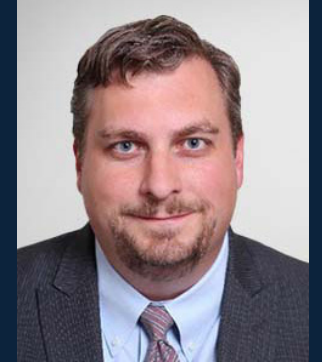
The first half of 2025 presented a mixed picture in healthcare M&A—defined not by a surge in volume, but by a strategic recalibration. Dealmakers across the healthcare ecosystem—health systems, digital health, payers, and services—are navigating a complex macroeconomic and regulatory environment, with structurally higher interest rates, trade restrictions affecting medical equipment that remained stable but high relative to expectations, a new administration in Washington, and market reevaluation. With total deal value increasing by 56.0 percent compared to H2'24, the market remained active, with 415 transactions recorded in H1'25, reflecting a mere 1.0 percent decline in volume from the prior half-year.

Strategic buyers continued to dominate, accounting for 60.2 percent of deal volume, while private equity (PE) activity remained resilient despite tighter credit markets. H1'25 was defined by platform-building, renewed focus on value-based care, AI-driven healthtech, and outpatient expansion. Notably, the sector saw a resurgence in healthcare services consolidation, high activity in digital health deals, and a flurry of activity in healthcare logistics and hybrid care delivery.

“The first half of 2025 was less about chasing deals and more about reshaping strategy. As we enter the second half of the year, smart optimism must be matched by smarter diligence—especially in a market where margin compression and innovation are rewriting the rules.”

—Ross Nelson, M.D.

Principal, Healthcare Deal Advisory & Strategy Leader, KPMG LLP



H1 2025 highlights

Both deal volume and value declined.

415
deals

↓ -1.0%
decrease in number of deals QoQ

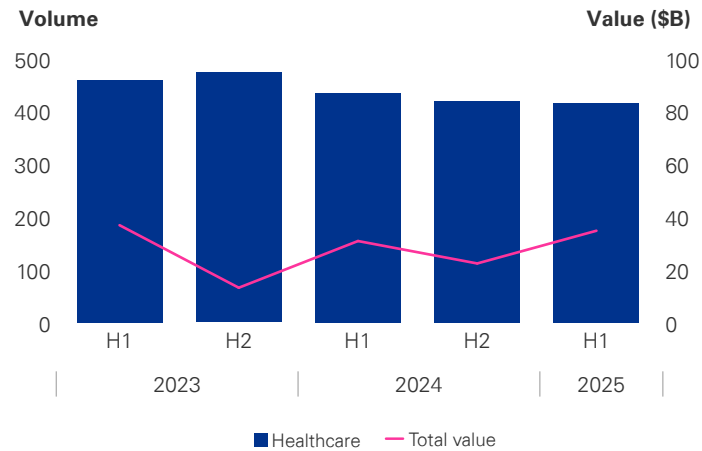
\$34.7
deal value (in \$US bn)

↑ 56.0%
increase in deal value QoQ

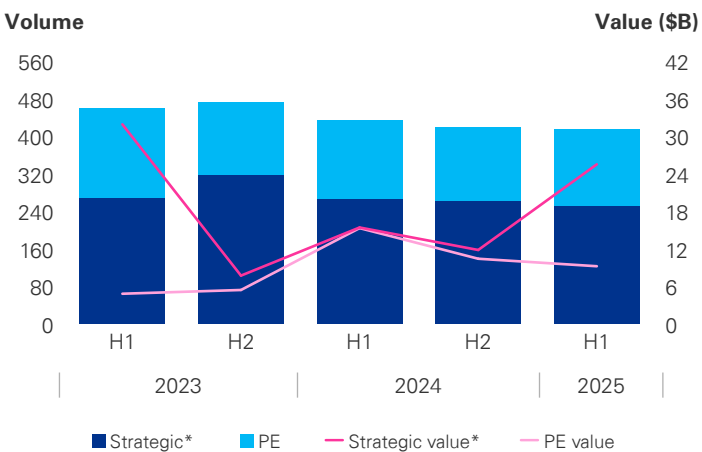
Volume steady, value grows

Despite a modest 1.0 percent decline in total deal volume from H2'24, deal value surged by 56.0 percent in H1'25, reflecting an appetite for larger, more strategic transactions. This was particularly true among buyers with strong balance sheets and long-term growth mandates.

Healthcare deal activity by sector



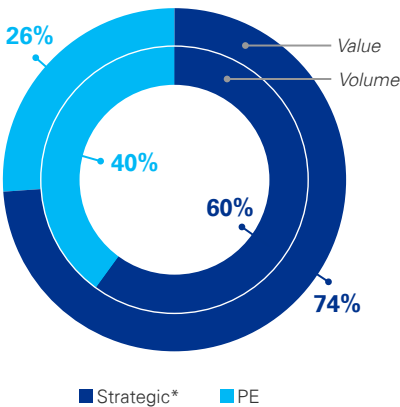
Healthcare deal activity by type



*Data also contains figures for SPAC deals.

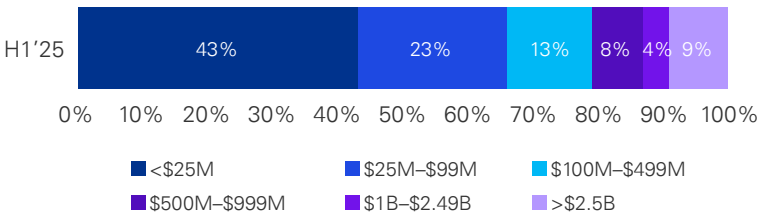
Healthcare strategic/PE mix- H1'25

PE/strategic mix



Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.

Healthcare total deal size mix - H1'25



Note: Deals with disclosed values only. Values may not add to 100% due to rounding.

Sector data

Health systems: Restructuring for resilience amid margin pressure

The health systems subsector experienced a significant contraction in M&A activity during H1’25, with deal volume falling to 26 transactions—a 54.4 percent decline from H2’24—and deal value dropping to \$1.3 billion, down 59.5 percent over the same period. This steep decline reflects a cautious recalibration among health system leaders, who are increasingly focused on outpatient care networks, physician alignment, and regional bolt-on integration rather than large-scale hospital acquisitions. Standout transactions included the announcement of Ascension’s planned acquisition of AMSURG for \$3.9 billion, which will add more than 250 ambulatory surgery centers to its portfolio, the acquisition of Northwell Health by Nuvance Health, and Prime Healthcare Services acquiring a number of hospitals from Ascension.¹ Many large national systems continue to prioritize divestitures of noncore assets and service line rationalization to manage debt and margin pressures. The market is bifurcating, with well-capitalized systems pursuing scale, and struggling institutions seeking lifelines or exiting geographies.

Healthcare IT/Digital health: AI-powered platforms drive mid-market momentum

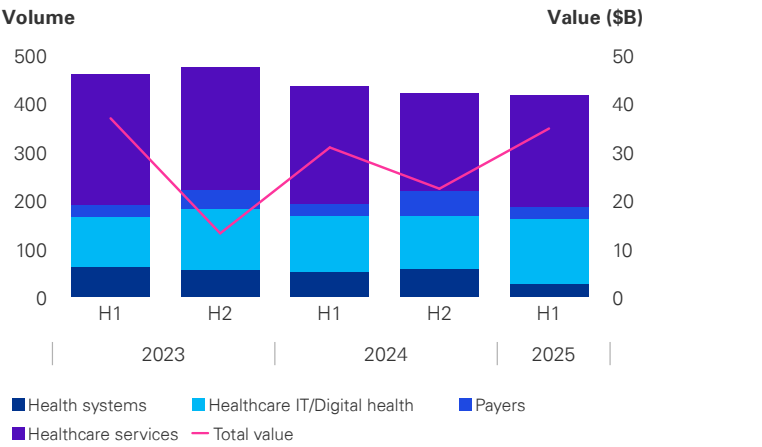
Healthcare IT and digital health was one of the two subsectors to post a meaningful increase in deal volume, rising 22.7 percent to 135 deals in H1’25, compared to H2’24. However, deal value declined by 12.3 percent to \$9.0 billion, indicating a pivot toward mid-market and growth-stage technology assets. Investor interest remains strong in AI-powered platforms, hospital-to-home software, and hybrid care models. Bain Capital’s \$2.6 billion acquisition of HealthEdge exemplifies the strategic push toward cloud-based, interoperable solutions.² Other important transactions in this subsector in the first half of the year included Madison Dearborn Partners’ strategic investment in NextGen Healthcare, the acquisition of amino by Capital Rx, and Quantum Health’s purchase of Embold Health. We see buyers prioritizing assets that enable automation, revenue cycle optimization, and value-based care delivery. Despite the value dip, the sector is buoyed by long-term tailwinds in digital transformation and care decentralization.

GenAI is emerging as a critical differentiator in healthcare investment diligence. The MRO acquisition of Q Centrix exemplifies this trend, with buyers increasingly evaluating GenAI’s effectiveness in automating EMR data extraction and case form generation. These capabilities are not only streamlining diligence workflows but also influencing investment theses, as automation potential becomes a key factor in asset attractiveness.

Payers: Portfolio pruning in a post integration pause

The payer subsector saw significant declines across the board, with deal volume dropping 54.0 percent to just 23 transactions, and deal value falling 35.1 percent to \$3.7 billion in H1’25, compared to H2’24. This reflects the impact of regulatory uncertainty, particularly around Medicare Advantage reimbursement. Large payers are reassessing their portfolios, with some divesting lines of business that are capital-intensive or margin-constrained. Activity in H1’25 was concentrated in third-party administrators (TPAs), compliance platforms, and value-based care enablers.³ The absence of mega-deals signals a shift toward operational optimization and risk management.

Healthcare deals by subsector



¹ Source: “M&A News: Global M&A Deals Week of June 16 to 22, 2025,” Institute for Mergers, Acquisitions and Alliances (IMAA), June 24, 2025.

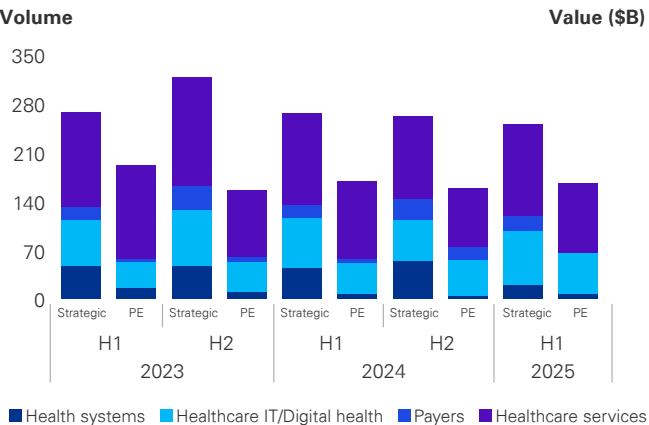
² Source: “M&A News: Global M&A Deals Week of April 7 to 13, 2025,” Institute for Mergers, Acquisitions and Alliances (IMAA), April 15, 2025.

³ Source: “OCA Acquires Employer Driven Insurance Services,” Business Wire, May 12, 2025.

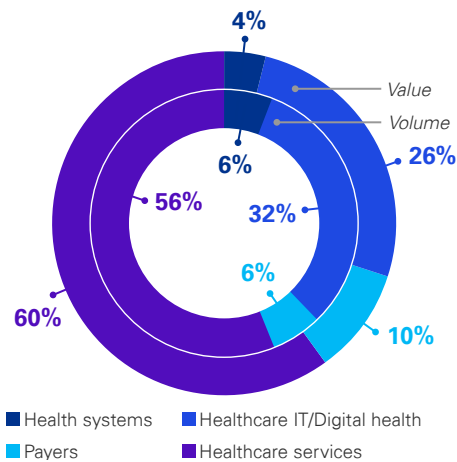
Healthcare services: Platform expansion meets valuation discipline

Healthcare services remained the most active subsector by volume, with 231 deals in H1'25—a 14.4 percent increase from H2'24. Total deal value saw a major increase of 549.8 percent to \$20.8 billion, reflecting a shift toward larger corporate and strategic acquisitions. The sector continues to benefit from demographic tailwinds and the shift to outpatient and home-based care. Key transactions included BrightSpring Health Services' \$0.8 billion divestiture to Sevita, and McKesson's \$0.9 billion acquisition of PRISM Vision Group.⁴ Firms are actively consolidating fragmented markets in home health, behavioral health, dental, and specialty care. Buyers are targeting scalable platforms with strong clinical integration, tech enablement, and regional density. Despite valuation compression, the sector remains a magnet for platform-building and roll-up strategies.

Strategic and PE deal volume by subsector



Healthcare sector mix - H1'25



Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.

Top deals

Acquirer: Cencora, Inc. Target: Retina Consultants of America	Value (billions) \$4.4
Acquirer: Ascension Target: AMSURG Corp.	Value (billions) \$3.9
Acquirer: The Carlyle Group Target: Vantive	Value (billions) \$7.7
Acquirer: Health Care Service Corporation Target: Cigna Group Medicare Advantage, Medicare Supplemental Benefits and CareAI-lies Businesses	Value (billions) \$3.3
Acquirer: Cardinal Health, Inc. Target: The GI Alliance Management, LLC	Value (billions) \$2.8

Deal data has been sourced from Capital IQ, Refinitiv, and Pitchbook, and then further refined and analyzed by KPMG LLP. The cited values and volumes cover US deals announced or closed during the timeframe, including both majority and minority stakes. Deal values are based on publicly available data and are not exhaustive. Only transactions with US-based targets are included. Previously published statistics may be revised to incorporate new data or changes.

⁴ Source: "McKesson Corporation Completes Acquisition of PRISM Vision Holdings, LLC," McKesson, April 2, 2025.
© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Smart optimism meets smart diligence

The outlook for H2'25 is cautiously optimistic. While macroeconomic headwinds persist—particularly around interest rates, trade restrictions, regulatory scrutiny, and valuation mismatches—dealmakers are adapting. Recent data from a KPMG survey shows 61 percent of investors expect increased M&A activity in 2025 compared to 2024. Additionally, legislation commonly known as the One Big Beautiful Bill Act (OBBBA) is expected to reshape financial dynamics for both health systems and private equity. By incentivizing infrastructure investment and reducing cash taxes for sponsors and portfolio companies, OBBBA could improve IRRs and reignite PE interest—particularly among investors previously sidelined by valuation gaps and regulatory uncertainty.⁵

Strategic buyers are expected to continue platform-building in outpatient care, digital health, and value-based models. PE firms, while more selective, are actively pursuing tuck-ins and carve-outs, especially in healthcare IT and services. And while we believe PE firms will remain active, their investment priorities are evolving. We have seen a significant decrease in healthcare provider prioritization by PE firms, which are now focusing more on ancillary services like technology and revenue cycle management (RCM) due to reimbursement risks. This strategic pivot reflects growing caution around regulatory volatility and margin compression, and a preference for scalable, tech-enabled assets that support operational efficiency and value-based care.



Health systems: Outpatient is the new battleground

Expect more ambulatory surgery centers (ASC) and regional network acquisitions, alongside deeper physician partnerships to strengthen care coordination and referral networks.



Healthcare IT/Digital health: AI is the new infrastructure

Strong tailwinds for RCM, virtual care, and analytics platforms



Payers: From integration to optimization

Expect divestitures, more thoughtful and deliberate acquisition activity, acquisitions of TPAs, and broader portfolio moves—including both exits and strategic entries—as payers seek to optimize medical loss ratios and continue to deliver (as EBITDA has declined for many corporate entities).



Healthcare services: Care anywhere, scale everywhere

Consolidation in home health, behavioral, and dental to continue.

⁵ Source: "Carenet Health Acquires Balto Health Services, Expanding Powerful Capabilities for Healthcare Organizations of Any Size," Healthcare IT Today, May 16, 2025.

Key considerations as we look ahead

HC industry dealmakers should consider the following factors:

01

Double down on diligence:

With valuation gaps and regulatory scrutiny rising, robust diligence—especially around integration, tech stack, and compliance—is nonnegotiable.

02

Recalibrate for value-based care:

Buyers must assess how targets align with risk-bearing models, especially in primary care, behavioral health, and chronic care management.

03

Integrate and automate:

Postclose integration must prioritize digital enablement, especially in RCM, patient engagement, and data interoperability.

04

Watch the FTC and CMS:

Regulatory posture may shift. Monitor MA reimbursement changes, IRA implications, and FTC enforcement trends.

05

Bet on AI, but build wisely:

AI is reshaping healthcare IT and services. Focus on assets with real-world use cases, scalable platforms, and regulatory readiness. In particular, GenAI's role in automating diligence and operational workflows is expected to grow, influencing both valuation and strategic fit in future investment decisions.



How KPMG can help

KPMG helps its clients overcome deal obstacles by taking a truly integrated approach to delivering value, using its depth of knowledge in the healthcare industry, data-supported and tools-led insights, and full M&A capabilities across the deal lifecycle.

With a healthcare specialization, our teams bring both transactional and operational experience, delivering meaningful results and creating value.

Our team

Experience wins the deal.

Each member of our deal team brings extensive industry experience and functional depth, working together to help you win the right deals, divest successfully and create long-term value.

**Alex Neil**

*Partner, Advisory,
KPMG US*

**Ross Nelson**

*Principal, Healthcare Deal
Advisory & Strategy Leader,
KPMG US*

**Michael P Buchanio**

*Advisory Managing Director,
Performance Transformation,
KPMG US*

**Andrew M Sadowski**

*Advisory Managing Director,
Financial Due Diligence,
KPMG US*

With special thanks to:

Varun Angirish, Anjelica Armendariz, Muskan Maheshwari, Prakriti Pushp, Basu Raj, Tanjot Saluja, and John Thomas

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Please visit us:



kpmg.com



Subscribe

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. DASD-2026-19031