Private Equity Healthcare Deals: 2024 in Review

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PRIVATE EQUITY
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KEY POINTS

- Despite the headwinds of increasing regulatory scrutiny and high interest rates, private equity firms continued a steady pace of investment in the US healthcare space in 2024, albeit at lower levels than in 2023. PESP identified 1049 unique deals, consisting of 166 buyouts, 262 growth/expansion investments, and 621 add-on acquisitions to 383 unique platform companies in 2024. These deals involved at least 676 private equity firms, business development corporations, venture capital firms, private credit funds, and other types of investors.

- 2024's 1049 deals represent a 7.6% decrease from the 1135 deals PESP tracked in 2023.

- There were at least 16 private equity firms in 2024 that executed 10 or more healthcare deals. The most active firm by deal count was Latticework Capital Management, which executed 27 deals, including 14 add-ons to its dental care platform company, SALT Dental Collective, and 11 to its behavioral health physician practice management company, Beacon Behavioral Partners.

- Dental care (161 deals), health IT (140), outpatient care (139), medtech (105), and pharma services (80) were the busiest subsectors among those PESP tracked. Home health, home care, & hospice, behavioral health, and disability services were also noteworthy investment targets.

- Dental care saw the highest deal activity (161 deals), with 10.3% more deals than in 2023. Over half of the busiest platform companies in 2024 were dental care companies. MB2 Dental, owned by Warburg Pincus and Charlesbank Capital Partners, had the highest number of add-on acquisitions at 20, followed by Specialized Dental Partners, owned by Quad-C Management, with 18, and SALT Dental Collective, owned by Latticework Capital Management and Resolute Capital Partners, with 14 deals.

- In addition to buyouts, add-on acquisitions, and growth investments, private equity firms are increasingly using joint ventures with nonprofit health systems as a growth strategy that can provide them with trusted brands and access to geographic markets they might otherwise not readily access.

- On January 15, 2025, HHS released its report in response to the public inquiry it launched with the FTC and DOJ in March 2024 to examine consolidation in healthcare markets. The release of the report was one of its last actions under the Biden administration. The report highlights the impacts of increasing consolidation in our nation's healthcare markets and the recent influx of private equity and other private investors active in the sector.

- Analysts predict a resurgence of healthcare dealmaking in 2025 due to falling interest rates, increased dry powder available to invest, and the expectation that the Trump administration will view private equity investment more favorably than the Biden administration.

- In light of continued investor interest in healthcare and the risks associated with private equity ownership of healthcare companies, including "stealth consolidation" that can lead to higher prices, state and federal policymakers should update laws and regulations to increase oversight of healthcare mergers and acquisitions.

SUMMARY OF DATA

In 2024, PESP tracked 1049 private equity-backed healthcare deals in the United States, consisting of 262 growth/expansion investments, 166 leveraged buyouts, and 621 add-on acquisitions to 383 unique platform companies. These deals[1] involved at least 676 private equity firms, business development corporations, venture capital firms, private credit funds, and other types of investors.[2]

Box 1: Deal Types

LEVERAGED BUYOUT

A leveraged buyout (LBO) is when a private equity acquires a company, financing a substantial portion of the acquisition by taking out debt secured by the company it is buying. This means that the debt doesn't belong to the private equity firm and its investors—it's instead saddled onto the company being acquired, such as a health system or hospital. In a leveraged buyout, 60 to 90 percent of the transaction will typically be funded by debt.

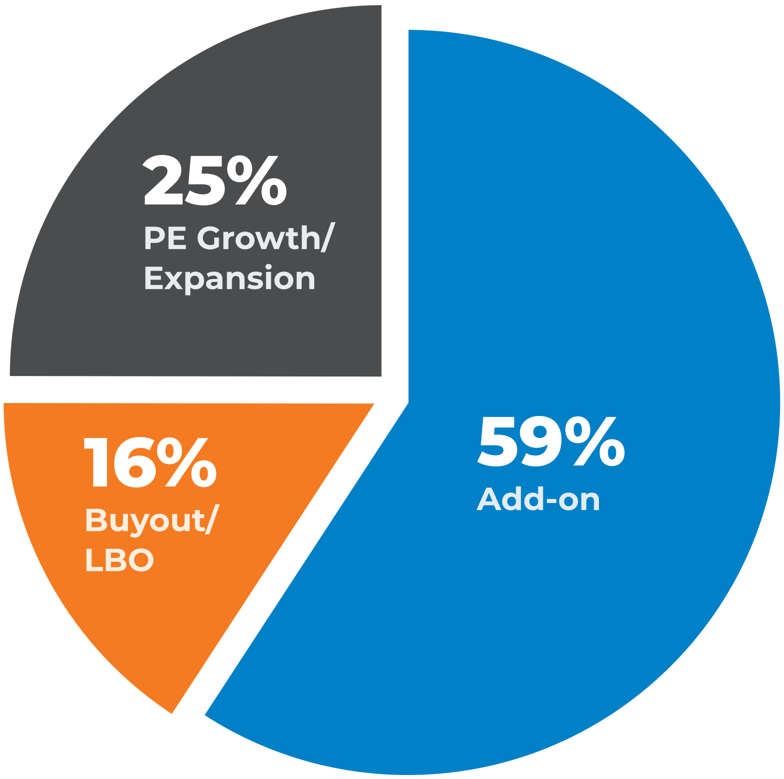
GROWTH/EXPANSION INVESTMENT

A growth/expansion investment is when a private equity firm invests in a company to help it grow, such as to finance new acquisitions. These differ from venture capital investments in that typically the company receiving the investment is more mature and the holding period for the investment will be shorter. These investments usually provide a minority equity stake to the investors, although it's also possible for investors to establish majority stakes through these types of deals. Investors derive returns from their investment if the company successfully grows its revenue and improves its operating margins.

ADD-ON ACQUISITION

An add-on acquisition is when a private equity firm uses a platform company to acquire another company. The platform company is one that the PE firm has already acquired or created to then be used to acquire multiple companies in a particular sector. Using this strategy can help investors' deals fall under the radar of the Federal Trade Commission (FTC) which is tasked with reviewing mergers and acquisitions that fall above the Hart-Scott Rodino threshold (which is about $119.5 million in 2024) for potential anticompetitive impacts. Deals that fall under this threshold do not have to be reported to the FTC, allowing private equity firms and other types of investors to use serial acquisitions of smaller companies with the help of a platform company in order to evade antitrust scrutiny.

Figure 1: 2024 Deals by type



Add-on deals accounted for nearly 60% of all deals that PESP tracked in 2024.

At least 16 private equity firms completed ten or more healthcare deals in 2024. See Table 1 for a list of the most active firms by deal count.

At least 13 private equity-owned platform companies made five or more add-on acquisitions in 2024. See Table 2 for the full list.

Over half of these platforms were dental care companies. MB2 Dental, owned by Warburg Pincus and Charlesbank Capital Partners, had the highest number of add-on acquisitions at 20, followed by Specialized Dental Partners, owned by Quad-C Management, with 18, and Salt Dental Collective, owned by Latticework Capital Management and Resolute Capital Partners, with 14 deals.

Latticework and Resolute also own a behavioral health platform company, Beacon Behavioral Partners, which made at least 11 add-on acquisitions in 2024.

Table 1: Top PE firms by deal count

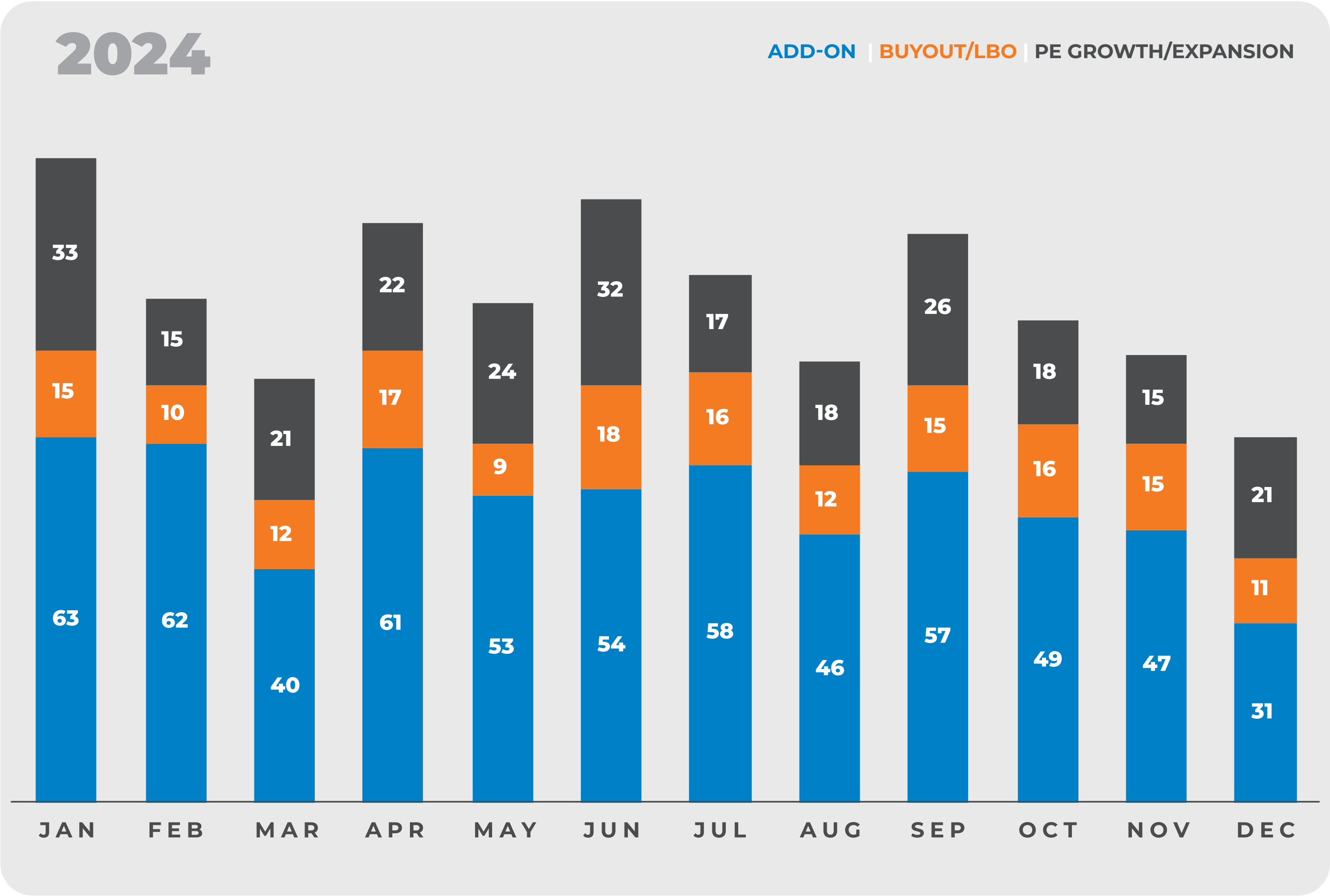
Firm	Deal count
Latticework Capital Management	27
Resolute Capital Partners	26
Shore Capital Partners	24
Charlesbank Capital Partners	23
Webster Equity Partners	21
Quad-C Management	19
Warburg Pincus	16
BPEA Private Equity	15
Zenyth Partners	15
Audax Private Equity	13
Waud Capital Partners	13
Regal Healthcare Capital Partners	11
Trivest Partners	11
Leonard Green & Partners	10
Linden Capital Partners	10
Martis Capital Management	10

Table 2: PE-backed platform companies with the highest deal counts

Platform Company	Type	PE Investor(s)	Add-on count
MB2 Dental	Dental care	Warburg Pincus (2024), Charlesbank Capital Partners (2021)[3]	20
Specialized Dental Partners	Dental care	Quad-C Management (2021)[4]	18
Salt Dental Collective	Dental care	Latticework Capital Management (2019),[5] Resolute Capital Partners (2021)[6]	14
Beacon Behavioral Partners	Behavioral Health	Latticework Capital Management (2020),[7] Resolute Capital Partners (2022)[8]	11
Optima Medical	Outpatient care - Primary care	Trivest Partners (2023)[9]	11
Elevate ENT Partners	Outpatient care - Ear, Nose, & Throat	Audax Private Equity (2019)[10]	8
Dental365	Dental care	The Jordan Company, Regal Healthcare Capital Partners, (2021)[11] The Cambria Group[12]	7
DermCare Management	Outpatient care - Dermatology	Hildred Capital Partners (2019)[13]	7
Southern Orthodontic Partners	Dental care	Shore Capital Partners (2019)[14]	7
Archway Dental Partners	Dental care	Martis Capital Management (2023),[15] Din Ventures (2024)[16]	6
Pinnacle Clinical Research	Pharma services	LongueVue Capital,[17] Abacus Finance Group (2022)[18]	6
Suncoast Skin Solutions	Outpatient care-Dermatology	Pine Tree Equity Partners (2021),[19] Ballast Point Ventures[20]	5
U.S. Oral Surgery Management	Dental care	Oak Hill Capital[21]	5

U.S. Oral Surgery Management, Southern Orthodontic Partners, Dental365, Elevate ENT Partners, and Specialized Dental Partners also made the list of most active platform companies in 2023. For more information, see PESP's report: "**Private Equity in U.S. Healthcare: Trends in 2023 Deal Activity.**"

Figure 2: Deal Count and Deal Type by Month



In 2024, there was an average of 87 healthcare deals per month. The most deal activity occurred in January (111 deals), April (100 deals), and June (104 deals). See Figure 2. The January deal count was particularly high and may be the result of a disproportionate number of deals being announced at the start of the year.

PRIVATE EQUITY DEALMAKING CONTEXT IN 2024

The 1049 private equity healthcare deals that PESP tracked in 2024 represent a 7.6% decrease from the 1135 deals PESP tracked in 2023. Note that PESP's deal tracking takes into account deal volume (i.e. number of deals) but not deal values, since often times values are not reported for private equity transactions. PESP also only examines deal activity in the US.

Globally, 2024 was the second highest year on record for private equity healthcare dealmaking value, according to consulting firm Bain & Company, with total deal value at approximately $115 billion. North America accounted for 65% of global deal value.[22] However, private equity healthcare deal volume continued to be relatively subdued in the US compared to its 2021 peak, especially in healthcare services (e.g. outpatient care).[23] PwC reported a 9% decrease in healthcare services deals from 2023 to November of 2024, but noted that annual deal volume through November 15, 2024 was still 70% higher than pre-COVID.[24] While PwC's numbers also include non-private equity deals, they provide an approximation of overall health sector trends.

Overall private equity deal activity, both in healthcare and all other industries, began to slow down in 2021 and new dealmaking is currently "sluggish."[25] The primary driver behind this trend is a high interest rate environment that makes it more challenging for firms to sell assets and buy assets because debt is now expensive and can be challenging to secure. Private equity firms still see substantial opportunity in the healthcare arena, including healthcare providers, and we can expect to see more deals as interest rates come down. Indeed, Pitchbook expects global private equity and other private fund assets under management to reach $20-$24 trillion by 2028 (from $14.7 trillion now).[26]

Increased regulatory scrutiny of private equity in 2024

In addition to macroeconomic trends impacting the larger economy, private equity investors in US healthcare faced increased scrutiny in 2024 from researchers, journalists, policymakers, and regulators, spurred by a growing body of evidence documenting private equity's negative effects in healthcare, including the rise in private equity-driven healthcare bankruptcies since 2023.[27]

In healthcare, private equity acquisitions are contributing to and have contributed to consolidation, which is often accompanied by higher prices in various subsectors,[28] including **emergency medicine**, **eye care**, **gastroenterology**, **durable medical equipment**, **anesthesiology**, **physical therapy**, **dental care**, **fertility clinics**, **methadone treatment centers**, and **air ambulances**.

Multiple case studies and journalistic investigations have demonstrated how private equity ownership of healthcare companies can negatively impact quality of care, access to care, and staffing levels. Recent empirical research supports the findings in these case studies. A 2023 peer-reviewed study demonstrated that private equity acquisition of hospitals was associated with a 25.4 percent increase in hospital-acquired conditions, including falls and bloodstream infections.[29] A 2023 systematic review of the research on private equity ownership and its impacts on health outcomes, costs, and quality found that private equity ownership was associated with reduced nurse staffing levels.[30] A 2021 study showed that private equity acquisition of nursing homes was associated with higher costs and increases in emergency department visits and hospitalizations for certain conditions.[31]

2024 saw multiple state legislatures[32] and members of Congress[33] introduce and debate legislation that would curtail some of the harmful business practices of private equity firms in healthcare and bring greater oversight to healthcare transactions involving private equity. Three states – Indiana, New Mexico, and Massachusetts – ultimately passed legislation that increased oversight over healthcare deals, including private equity dealmaking.[34]

In May 2024, the Federal Trade Commission (FTC) and Department of Justice (DOJ) Antitrust Division jointly **launched** a public inquiry on serial acquisitions and roll-up strategies used by corporate actors, including private equity firms, across a wide array of markets and industries.[35]

Former FTC Chair Lina M. Khan referred to the serial acquisition strategy as a "stealth consolidation scheme," explaining in the press release announcing the public inquiry that, "Firms can use serial acquisitions to roll up markets, consolidate power, and undermine fair competition, all while jacking up prices and degrading quality."[36]

The FTC and DOJ, alongside the US Department of Health and Human Services (HHS) launched a separate, but related, public inquiry in March 2024 into private equity firms' and other corporate owners' involvement in healthcare system transactions. Specifically, the request for information (RFI) called for public comment on deals conducted by health systems, private payers, private equity funds, and other alternative asset managers that involve healthcare providers, facilities, or ancillary products or services. The RFI also requested information on transactions that would not typically be reported to the Justice Department or FTC for antitrust review.[37]

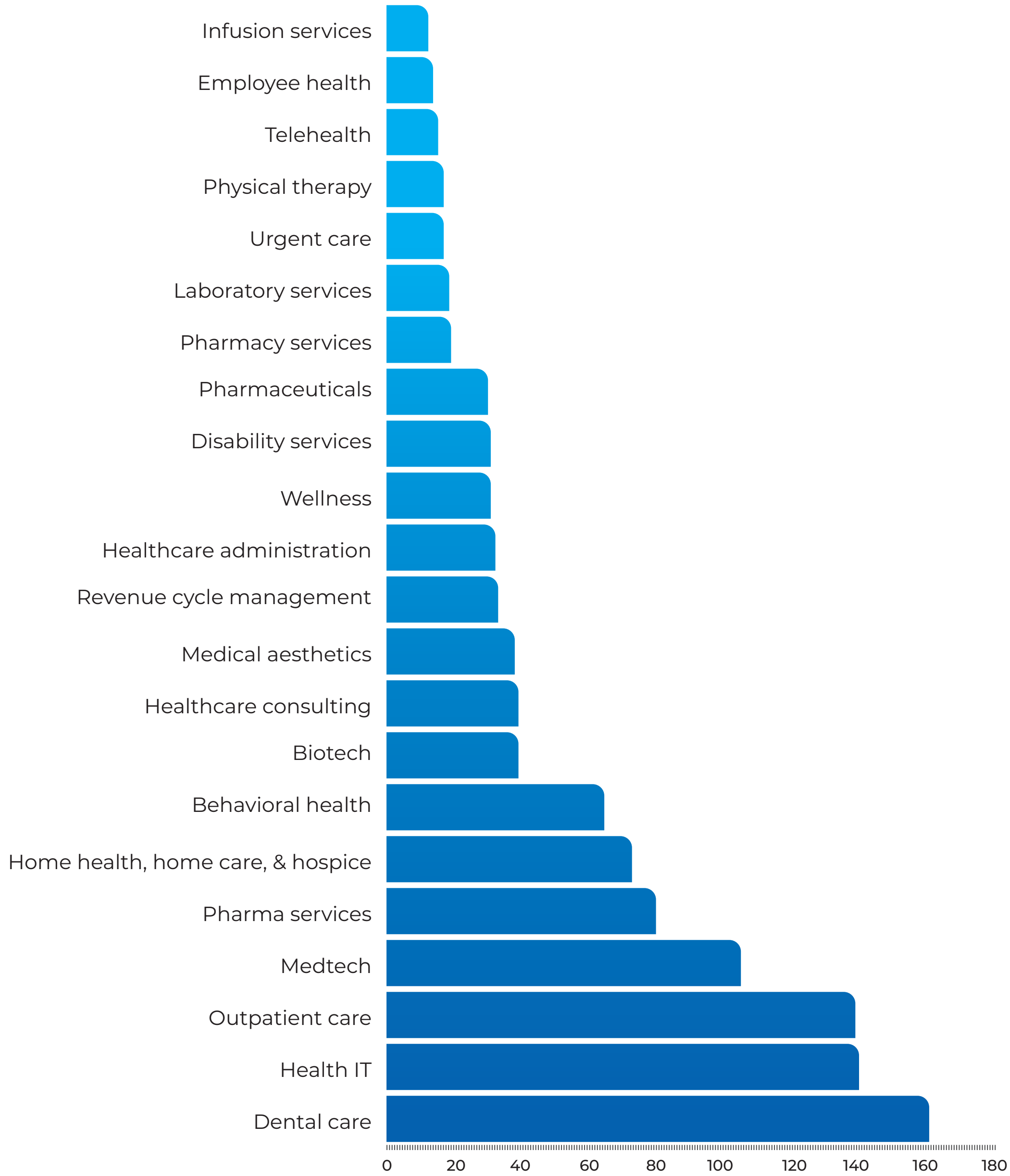
In June, a coalition of 11 attorneys general **submitted** a comment letter in response to the FTC, DOJ, and HHS RFI. The letter advocated for enforcement and regulatory action where federal and state governments can collaborate, and it laid out possible action to address the detrimental effects of private equity healthcare transactions.

A coalition of over 90 organizations and individuals representing patients, workers, communities, public interest advocates, and healthcare researchers also **called on federal authorities** as part of the RFI to take action to curb the abuses of private equity and safeguard the ability of doctors to deliver quality care to all patients and achieve equitable health outcomes.

Despite the headwinds of regulatory scrutiny and high interest rates, private equity firms continued a steady pace of investment in the US healthcare space in 2024. Figure 3* shows the top healthcare subsectors for deal activity, with health IT, outpatient care, medtech, and pharma services dominating the list.

Figure 3: Top Categories by Deal Count

**Some companies are classified under more than one category, so certain deals may be double counted in this figure.*



DEEPER DIVES

In this report, we will take deeper dives into a selection of the top categories where we saw the most dealmaking in 2024: dental care, outpatient care, pharma services, home health, home care, and hospice, and behavioral health and disability services.

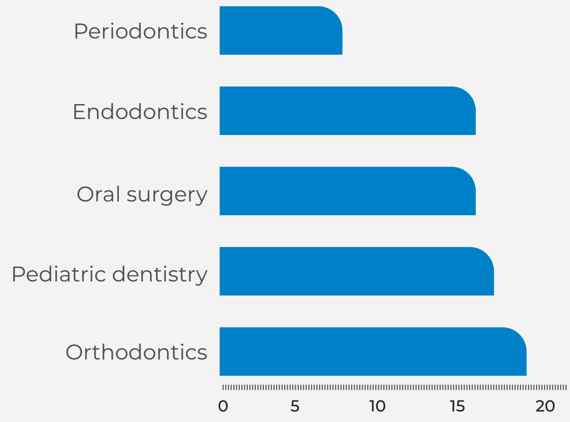
Note that while health IT and medtech were in the top five categories for deal activity, this report will focus mainly on health sector categories that involve the direct provision of health services to patients, with the exception of pharma services. PESP's **March 2024** and **August 2024 Acquisitions** blog posts cover some of 2024's notable health IT and medtech deals.

Dental care

Dental care saw the highest number of deals in 2024 of any category tracked by PESP. PESP tracked 161 dental care deals in 2024, a 10.3% increase from the 146 dental care deals tracked in 2023.[38]

In 2024 there were 137 add-on acquisitions, 6 buyouts, and 18 growth/expansion investments in dental care. Many of these deals involved general dentistry practices, but certain specialties were heavily represented. Figure 4 provides a graph of dental specialties with seven or more deals.

Figure 4: Dental specialties with 7 or more deals



The dental deals, particularly in endodontics, reflect recent trends in private equity dealmaking. A **recent study** published in *Health Affairs* has found that private equity affiliation with dental practices nearly doubled for the period 2015-2021, from 6.6% in 2015 to 12.8% in 2021. The study found the highest growth among dental specialties such as endodontists and oral surgeons, which more than doubled during the period.[40]

According to the study's authors, "One possible reason for PE interest in dental specialist practices may be the high prices that specialists can earn for procedures such as root canals and implants, as opposed to routine exams from general practice dentists. PE firms may believe that they can get a higher return on investment from acquiring specialist practices."[41]

Private equity-affiliated practices had a higher rate of Medicaid participation. The researchers note that while this could expand access to dental care in poorer communities, "there are concerns that PE could implement strategies to increase the volume of unnecessary dental services for Medicaid enrollees."[42]

In November 2024, *KFF* and *CBS* published an **exposé** detailing a growing trend of dentists pulling out "healthy" teeth in order to profit from implants.[43] At dental practices around the country, patients have been reportedly encouraged to get dental implants, which can cost tens of thousands of dollars, instead of keeping their teeth and getting treatments like root canals. The article highlighted how multiple private equity-owned dental care chains may be contributing to this trend. One company, ClearChoice, which is owned by **Ares Management, American Securities and Leonard Green & Partners**, allegedly used salespersons, or "patient education consultants," to meet with patients about options like dental implants before the patient had even seen a dentist according to a lawsuit filed against the company.[44]

A 2021 report from PESP documented extensive issues at private equity-owned dental care providers. For more information, see: "**Deceptive Marketing, Medicaid Fraud, and Unnecessary Root Canals on Babies: Private Equity Drills into the Dental Care Industry.**"

Outpatient care

PESP tracked 139 deals involving outpatient care providers in 2024, consisting of 105 add-on acquisitions, 6 leveraged buyouts, and 28 growth/expansion investments. This represents a 28.7% decrease from the 195 outpatient care deals tracked in 2023.[45]

While 139 deals is still a high volume of deals, it marks a slowdown from 2021 peaks, likely due to higher interest rates, uncertainty around reimbursements, increased state-level scrutiny of deals, limited partners' concerns about over-exposure in the space, and issues with valuing assets for deals, according to law firm Bass, Berry, & Sims.[46]

A recent PitchBook report referred to this trend as the physician practice management (PPM) "dislocation," indicating that some investors currently consider investing in the outpatient specialty space as a "contrarian play."[47] However, PitchBook predicts a turnaround in this trend for 2025;[48] and Bass, Berry, & Sims has suggested that two major recent deals involving private equity firms selling platforms to other firms might inspire investor confidence to resume dealmaking in this space.[49] *Wall Street Journal* also reported that bankers and private equity advisors are expecting an increase in physician practice deals in 2025.[50]

Private equity's aggressive use of debt in the physician practice management industry leaves companies more vulnerable to changing market conditions, including high interest rates and rising labor costs. Of the ten PPM companies that filed for bankruptcy in 2024,[51] half were private equity-backed: Cano Health, Prime Plastic Surgery, Atlantic Neurosurgical Specialists,[52] Clinical Care Medical Centers,[53] and CareMax.[54]

Figure 5 shows the most active physician specialties for outpatient dealmaking in 2024, with comparisons to 2023. Note that in PESP's tracking methodology, outpatient behavioral health deals are included under the behavioral health category, rather than outpatient care.

Eye care was the most active physician specialty for private equity dealmakers at 18 deals, although 18 deals is nearly a 50% decrease from the 35 eye care deals tracked in 2023.[55]

Of the categories highlighted in Figure 5, most saw slight decreases or remained stable with 2023 levels.

ENT, allergy, & asthma care

Ear, nose, and throat (ENT) and allergy & asthma care deals saw a slight increase from 2023 to 2024. The 17 deals tracked in 2024 were primarily driven by platform company Elevate ENT Partners, owned by Audax Private Equity.[56] Elevate made 8 add-on acquisitions in 2024, keeping pace with its 2023 levels (7 add-ons).[57]

Elevate ENT has partnerships with 214 providers across 104 locations in Texas, Louisiana, and Florida. It operates under the 14 brands: Southern ENT, LENTS, Hebert Medical Group, Lafayette ENT Specialists, Texas ENT, enttex, San Antonio ENT, The Barranco Clinic, North Florida Center for Otolaryngology, Coastal Ear Nose & Throat, Orlando Ear Nose & Throat, Vero ENT, ENT Specialists, and South Florida ENT Associates.[58]

ENT and allergy care is a relatively new area for private equity investment, with high demand and significant opportunity for consolidation. As of 2023, there were approximately ten major private equity-backed platforms operating in the space, leaving "a lot of room to run," according to Focus Investment Banking.[59] There is also high demand for ENT and allergy care; more than 25 million Americans have asthma, more than 50 million have allergies, and the US has an aging population with many adults experiencing hearing issues.[60]

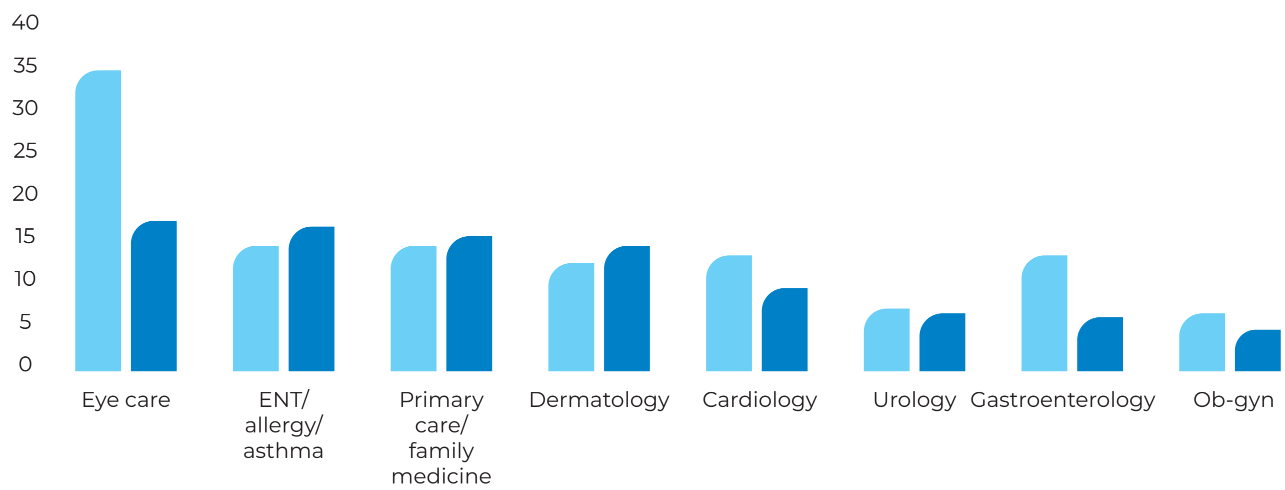
Cardiology

Cardiology saw a decrease in deals from 2023 (14 deals) to 2024 (10 deals) under PESP's tracking methodology.

A June 2024 study published in JAMA Network showed that private equity firms have acquired 342 cardiology clinics in the past decade, with 94% of the deals occurring between 2021 and 2023.[61] The study revealed that private equity-acquired cardiology practices account more than 10% of cardiology practices in 7 states: Rhode Island (37.1%), Nevada (26.4%), Louisiana (23.6%), Arizona (17.6%), Oklahoma

Figure 5: Top outpatient categories in 2024 vs. 2023 deal counts

2023 deals | **2024 deals**



(15.9%), Texas (11.3%), and Florida (10.0%).[62] The study's authors call for further research to better understand "the cumulative influence of add-on consolidation by PE funds on competition, which might lead to higher prices with implications for quality and access."[63]

The study noted that two platform companies – Cardiovascular Associates of America and US Heart & Vascular—account for a disproportionate number of acquired practices across 10 states.[64] Cardiovascular Associates of America (CVAUSA) was created as a platform company by Webster Equity Partners in 2021.[65] It merged with Novocardia in 2023, a practice management company backed by Deerfield Management. Webster continues to be the majority investor in CVAUSA, although Deerfield has a board seat at the platform company.[66] US Heart & Vascular is owned by Ares Management and Rubicon Founders.[67]

One of the cardiology deals tracked by PESP in 2024 was WindRose Health Investors' leveraged buyout of a physician practice management company specializing in value-based care payment arrangements: CardioOne.[68] CardioOne markets itself as company that empowers "cardiologists to retain and regain their independence." It provides management services including "comprehensive staff management," "practice optimization programming," and a "payer contracting network."[69]

Private equity firms have sustained interest in cardiology, and dealmaking has generally accelerated in the sector since 2021.[70] The cardiology sector is attractive for its size: heart disease is the leading cause of death in the U.S. and costs more than $200 billion per year in healthcare and lost productivity.[71] The industry is still highly fragmented, which may attract private equity firms using consolidation strategies to generate profits.[72]

Pharma services

The pharma services sector had the fourth highest deal count of the categories tracked by PESP in 2024, at 80 deals consisting of 41 add-on acquisitions, 18 leveraged buyouts, and 21 growth/expansion investments.[73] Pharma services include contract and outsourced services for the pharmaceuticals industry throughout the drug development and commercialization process, including drug discovery, development, clinical trials, and marketing.[74]

Pharma services has seen rapid growth in recent years; according to a **June 2024 PitchBook report**, "over the past two years, pharma services has become the hottest area of PE healthcare investing."[75]

Investors are attracted to the sector for several reasons: the growth of the overall global market driven by tailwinds in the pharmaceuticals and biotech markets; the complexity of the growing specialty drugs market which has incentivized pharmaceutical companies to turn to specialized outsourced services to reduce costs; the highly fragmented pharma services ecosystem, providing opportunities for consolidation; and broader macro tailwinds in the healthcare sector, such as an aging population and higher incidence of chronic diseases.[76]

Pinnacle Clinical Research, owned by LongueVue Capital, was one of the most active platform companies that PESP tracked in 2024, making at least six add-on acquisitions.

Pinnacle had just three sites when it was acquired by private equity firm LongueVue Capital in 2022[77] with co-financing from Abacus Finance Group.[78] In 2023, the company merged with South Texas Research Institute, a clinical trial site operator.[79] In June 2024, Pinnacle Clinical Research acquired five more sites, broadening its scope to 12 locations.[80] And in September, it acquired Jubilee Clinical Research, a clinical trial site in Las Vegas, NV.[81] Pinnacle now has locations in Nevada,[82] New Jersey, South Carolina, and Texas.[83]

Pinnacle's recent acquisitions will allow it to expand the types of clinical trials it can perform. The company has historically focused on treatment

and detection of fatty liver disease, as well as other advanced-stage liver diseases.[84] Through the add-ons, Pinnacle expands its focus to research on the central nervous system and Alzheimer's Disease.[85]

LongueVue Capital has also owned trial site operator Summit Clinical Research since late 2022, when it acquired the company in a leveraged buyout.[86] Summit Clinical Research focuses on trials involving a type of non-alcoholic fatty liver disease.[87] The company has more than 100 locations in 9 countries.[88]

Despite a broader private equity downturn, clinical trials were one of the few areas that managed to see strong deal flow in 2023, according to PitchBook. The clinical trial industry is highly fragmented, which can be attractive for private equity firms that seek to roll-up clinical trial sites and resell the bigger company for a profit.[89]

Other private equity-owned clinical trials platform companies that made add-on acquisitions in 2024 include:

- Flourish Research (Genstar Capital[90])
- Headlands Research (KKR[91])
- Eximia Research Group (VSS Capital Partners[92])
- Alcanza Clinical Research (Martis Capital Management,[93] Alpha Leonis Partners,[94] Impact Engine[95]).

Eleven of private equity's top 25 healthcare investors have bought stakes in clinical research companies, according to a *KFF Health News* report from December 2022. The report highlighted risks from private equity's consolidation strategy in clinical trials, including staffing issues and closures at multiple locations for one private equity-owned site operator.[96]

Home health, home care, and hospice

PESP considers home health, home care, and hospice as separate categories for the purposes of classifying companies, but groups these categories together for the purpose of analyzing health industry trends. Many of the deals we tracked in 2024 involve companies that fall into more than one of these categories. PESP tracked 39 deals in home health, 23 in home care, and 11 in hospice. Note that some deals are double counted if classified under more than one category. The total discrete number of deals across

these three categories was 62. This represents a 26.5% increase from the 49 deals PESP tracked in 2023.[97]

Notable buyouts included Nautic Partners acquisition of Angels of Care Pediatric Home Health from Varsity Healthcare Partners in February 2024,[98] and Waud Capital Partners' acquisition of Senior Helpers from Advocate Health in March 2024.[99]

There were nearly two dozen platform companies operating in the home health, home care, and hospice space in 2023. While no single platform company dominated the add-on acquisitions tracked in 2024, Help at Home notably made at least four add-on acquisitions.

Help at Home's acquisitions amidst closures, debt

Three of Help at Home's acquisitions were of Georgia-based providers in September 2024,[100] the same month that the Chicago-based home care and disability services company paid its private equity owners Centerbridge Partners, Vistria Group, and Wellspring Capital Partners a $262.6 million debt-funded dividend. This occurred just one year after the company shuttered operations in the neighboring state of Alabama due to purported cost concerns.[101] According to a company spokesperson, Help at Home's decision to leave Alabama was in part due to the state's inaction to expand Medicaid.[102] Yet, the company continues to operate and even expand in states that have not expanded Medicaid, including Georgia.[103]

Help at Home faces continued risk due to how its owners use the company to take on debt. When Centerbridge, Vistria, and WellSpring announced the proposed dividend, Moody's noted that "Help at Home's high financial leverage and propensity for acquisitions and shareholder distributions leave it exposed to governance risks."[104]

For-profit home healthcare and hospice companies have been linked to lower standards of care compared to their non-profit counterparts.[105] Private equity firms, which often target outsized returns over short time horizons and finance many of their acquisitions with high levels of debt, may exacerbate that divide.[106]

In March 2022, Private Equity Stakeholder Project released a report on private equity's incursion into the home health and hospice industry. You can read the full report here.

Increased focus on home care

Private equity firms have been investing in the home healthcare industry for many years,[107] but it appears firms have been ramping up their investments in home care.[108] Home care differs from home healthcare in that it consists of non-medical services to assist with activities of daily living, such as getting dressed, meal preparation, and more.[109]

Private equity firms likely find home care attractive for a number of reasons. For starters, the US population is aging and there is a growing desire for Americans to age in place and receive care and healthcare services in the home, versus in assisted living and nursing facilities. In addition, home care companies do not have to compete for skilled nursing labor with other agencies and healthcare providers because their services are not medical in nature. And, many state Medicaid programs will reimburse for home care services under their Home and Community-Based Services waivers.[110]

While many home care services are geared toward senior citizens, some home care companies also provide care for people with disabilities, including intellectual and developmental disabilities. As such, some of the home care companies featured in this report are also classified under the "disability services" category.

Private equity's growing involvement in home care is cause for concern. The typical private equity strategy of capturing greater market power in fragmented industries by consolidation could have the effect up driving up the cost of home care services. With the typical private equity focus on short term profit, cost cutting strategies could lead to poor working conditions and pay for caregivers, who are disproportionately women (85%) and people of color (66%),[111] which could in turn translate to higher turnover and consequently quality of care issues for clients. And, because home care services are not medical care, there are often fewer regulations involved. For example, many states do not require training or licensing for individual caregivers.[112]

Behavioral health

PESP tracked 65 deals in the behavioral health sector in 2024, consisting of 35 add-on acquisitions, 16 leveraged buyouts, and 14 growth/expansion investments. This represents a 47.7% increase from the 44 behavioral health deals PESP tracked in 2023.[113]

Beacon Behavioral Partners expands to five new states

Beacon Behavioral Partners, a behavioral health-focused physician practice management company owned by Latticework Capital Management[114] with backing from Resolute Capital Partners,[115] was one of the most active platform companies across all healthcare categories in 2024 (see **Table 2**).

Beacon made at least 11 acquisitions in 2024, 9 of which occurred in February and involved psychiatric practices that expanded the platform company's reach beyond Louisiana into the southeastern states of Arkansas, Mississippi and Texas.[116] The following month, it acquired The Neuropsychiatry & TMS Group, expanding the company's reach to Florida,[117] and in August it expanded to Pennsylvania with its acquisition of The Nexus Group.[118]

Latticework Capital Management acquired Beacon Behavioral in 2021.[119] Its February 2024 add-on acquisitions marked the first major expansion of the company. Since December 2022, Resolute Capital Partners has also been invested in the company.[120] As of January 2025, Beacon Behavioral Partners operates 14 provider brands across 5 southeastern states and Pennsylvania.[121]

Private equity firms have shown a growing interest in the behavioral health space, including outpatient providers, substance use disorder treatment, methadone clinics, and more. Despite macroeconomic headwinds that slowed private equity dealmaking in behavioral health in 2023, there is still substantial investor interest in behavioral health driven by increasing demand for behavioral health services and opportunities for consolidation amidst fragmented markets.[122] The US behavioral health market is projected to increase from $83.78 billion in 2023 to $132.46 billion by 2032, according to *Fortune Business Insights*.[123]

A **July 2024** study published in *Health Affairs Scholar* found that private equity buyouts of behavioral health providers increased substantially from 2010 to 2021 in both the frequency of acquisitions and the number of facilities they involved, and accounted for around 60% of all behavioral health acquisition activity. Additionally, add-on deals tended to focus on geographic proximity; 25% of acquired facilities were located within 20 miles of one another and 50% occurred within 80 miles. Such consolidation raises questions for how concentrated market power by private equity-owned providers may impact prices, access, and quality.[124]

In 2020, **PESP published a report on private equity's incursion into the behavioral health industry** that discussed how private equity investment carries substantial risk for behavioral health services, including the potential for inadequate staffing or reliance on untrained and unlicensed staff, pressure on physicians to provide unnecessary and costly services, or abuse of federal funding programs at the expense of patient care.

Youth residential treatment

In 2024, private equity continued its incursion into youth residential treatment despite congressional scrutiny of the industry.

Lago Innovation Fund, a division of Lago Asset Management, made a growth investment in Youth Opportunity for an undisclosed amount.[125] Youth Opportunity provides residential behavioral health care for adolescents, as well as operates juvenile detention centers. It has 20 locations across Florida, Michigan, Tennessee and Texas.[126]

Youth Opportunity's juvenile detention centers have been criticized for **dangerous conditions** and **policy failures**, including a "a culture of fear and humiliation," failing to provide necessary therapeutic and medical care, and "unclean" conditions.[127]

Youth residential treatment centers, as well as private equity involvement in this space, have come under scrutiny from advocacy groups and policymakers in recent years.[128] In response to growing allegations of abuse and neglect at these types of facilities, the Senate Committee on Finance held a hearing on June 12, 2024 to investigate the issue[129] and released a 136 page investigatory report on youth residential treatment facilities operated by four providers: Universal Health Services, Acadia Healthcare, Devereux Advanced Behavioral Health, and Vivant Behavioral Healthcare.[130]

Vivant was founded by the CEO of a company called Sequel Youth and Family Services, which was acquired by private equity firm Altamont Capital Partners in 2017. According to the Senate Finance Committee report, "In 2021, after being plagued by reporting on abuse and neglect allegations, Sequel sold 13 facilities to a newly-incorporated company, Vivant Behavioral Health (Vivant)."[131] The report highlights a disturbing incident in which a 16-year old boy died in the hospital after a violent incident in which seven staff members had restrained him at a Sequel facility in Michigan in 2020. The medical examiner ruled his death a homicide by asphyxiation.[132]

One youth detention facility in Florida that was formerly operated by Sequel[133] is **now operated by Youth Opportunity**.[134]

A **report from PESP in 2022** identified cost-cutting tactics at private equity-owned youth behavioral health companies, such as cutting staff, relying on unlicensed staff, and failing to maintain facilities, which can lead to abuse, neglect, and unsafe living conditions for youth under the care of those companies.[135]

Addiction treatment provider abruptly closes shortly after private equity acquisition

Stonehenge Capital acquired Retreat Behavioral Health, a multistate addiction provider offering both

outpatient and residential services,[136] in the first quarter of 2024.[137] It had previously provided the company with a $6 million loan to help open up a Connecticut treatment facility.[138]

Following a week of unexpected closures of residential treatment centers and certain outpatient locations in Connecticut, Pennsylvania, and Florida, the company announced it would be closing the entire business.[139] The company had been in financial distress for months, with vendors stopping deliveries and reports of employees that had not received paychecks.[140] Two of the company's executives died by suicide leading up to the closure.[141]

Disability services

PESP tracked 31 deals involving disability services in 2024, consisting of 15 add-on acquisitions, 9 leveraged buyouts, and 7 growth/expansion investments. This represents a 14.8% increase in deals from the 27 disability services deals that PESP tracked in 2023.[142] 2024's deals included private buyouts and add-ons of I/DD services, autism services, pediatric private duty nursing companies, and home care providers.[143]

I/DD services

In July, Beacon Specialized Living acquired Community Concepts Inc. and Community Visions, LLC. Beacon is owned by private equity firm Vistria Group and provides residential and day support programs for people with intellectual and developmental disabilities (I/DD) and mental health needs.[144] Vistria has owned Beacon Specialized Living since it acquired it from another private equity firm, Pharos Capital Group, in 2022.[145]

Vistria has a **checkered track record** with behavioral health and I/DD providers; together with Centerbridge Partners it owns Sevita, a provider of I/DD and foster care services with a history of making large debt-funded dividend payouts to its owners despite widespread allegations of harmful and negligent conditions.[146] One of Vistria and Centerbridge's other portfolio companies, Help at Home, that offers home care and disability services and was discussed in a previous section of this report, took out a multimillion debt-funded dividend in 2024.

2024 saw another add-on acquisition involving an I/DD services provider: Petra Capital Group's Denver-based platform company, Support, Inc.,[147]

acquired Nostalgia Group for an undisclosed amount.[148] Nostalgia Group, also based in Denver, is a community and residential services provider for adults with disabilities.

Autism services

14 deals involved autism services, including applied behavioral analysis (ABA) treatment providers. ABA is a type of therapy provided to people with autism, and providers who offer it have become particularly attractive targets for investors due to the growing number of autism diagnoses and the fact that the "ABA industry charges tens of thousands of dollars per client per year for services insurers are legally obligated to cover," according to STAT.[149]

Because of private equity's typical playbook that aims to make outsized profits over short time horizons, private equity investment in autism services come under scrutiny in recent year.[150] **Some families and clinicians** believe that investors' focus on profits has **degraded the quality** of care at private equity-owned ABA providers.[151]

Notable private equity deals involving autism services providers in 2024 include:

- Optimal Investment Group acquired autism services provider Spectrum Behavioral Therapies in a leveraged buyout.[152]
- Leonard Green & Partners' platform company The Stepping Stones Group acquired Constellations Behavioral Services, an ABA provider.[153]
- Autism Spectrum Innovation (ASI) Holdings, a platform company owned by Fletch Equity, acquired ABA provider Quality Behavior Solutions.[154]
- Tenex Capital Management acquired ABA services provider Behavioral Innovations, with support from Yukon Partners.[155]

A NOTE ON JOINT VENTURES

The dealmaking data discussed in this report has not taken into account joint ventures involving private equity-owned healthcare companies partnering with nonprofit health systems to provide a particular service, such as home health and hospice care.

Private equity firms are increasingly using joint ventures with nonprofit health systems as a growth strategy that can provide them with trusted brands and access to geographic markets they might otherwise not readily access. Joint venture partnerships may also help both parties evade antitrust scrutiny versus if they were engaging in traditional merger and acquisition growth strategies.[156] Nonprofit health system joint ventures with for-profit entities remains a relatively under-scrutinized and under-regulated area in the health policy landscape.

PESP has identified multiple private equity owned-healthcare companies that have entered into joint ventures with large, nonprofit systems.

Lifepoint Health's Joint Ventures

Lifepoint Health, a hospital system owned by Apollo Global Management, uses joint ventures (JVs) and other forms of partnerships to grow its business.[157] As of November 2024, at least 78 of Lifepoint hospitals[158] involving at least 26 health systems were covered by joint venture arrangements. Its largest JV is with Duke Health ("Duke Lifepoint") and consists of 14 hospitals across North Carolina, Virginia, and Pennsylvania.[159] Many of Lifepoint's most recent JVs involve the construction of new rehabilitation and behavioral health hospitals in partnership with local healthcare providers.[160]

Examples of LifePoint's recent joint ventures with nonprofits to construct and/or operate rehabilitation and behavioral hospitals include:

- Lifepoint/PeaceHealth – In October 2024, nonprofit health system PeaceHealth announced a partnership with Lifepoint to build and operate a behavioral health hospital in Lane County, Oregon.[161]
- Lifepoint/Providence Swedish—In August 2024, Lifepoint announced the opening of a new rehabilitation hospital in Lynwood, Washington in partnership with nonprofit system Providence Swedish.[162]
- Lifepoint/The Hospitals of Providence—In October 2024, Lifepoint announced a partnership to operate a rehabilitation hospital owned by the nonprofit The Hospitals of Providence in El Paso, Texas.[163]

Compassus Health's Joint Ventures

In September 2024, nonprofit OhioHealth entered a partnership with Compassus Health in which Compassus now owns three hospice and four home health locations, which will be operated under a new brand, OhioHealth at Home.[164] Compassus is jointly owned by Towerbrook Capital Partners and Ascension Health, which purchased it in a $1 billion deal from Formation Capital and Audax Private Equity in 2019.[165] According to Moody's Investors Service, Compassus and Ascension have an agreement in which Compassus is Ascension's exclusive preferred provider of hospice services.[166] As a tax-exempt health system, Ascension's partnerships with for-profit private equity-backed companies, some of which it has also partially owned, merits further scrutiny.

In October, nonprofit Providence Health also entered into a partnership with Compassus to provide home-based services. Per the press release, "Under the agreement, Compassus will manage operations for the joint venture, which will include 24 home health locations in Alaska, California, Oregon and Washington, and 17 hospice and palliative care locations in Alaska, California, Oregon, Texas and Washington. The joint venture will also include private duty services in Southern California."[167]

As more private equity-owned healthcare companies cut deals with nonprofit health systems as part of an expansion strategy, it is important to track them to better understand how this trend is contributing to private equity's expansion into healthcare and its impacts on access to and cost of quality care.

CONCLUSION & POLICY RECOMMENDATIONS

Even amidst a "sluggish" dealmaking environment,[168] private equity firms continue to steadily invest in US healthcare companies, including healthcare services like behavioral healthcare, home health, and outpatient care. While dealmaking in healthcare services remained steady, dental care saw a frenzy of private equity dealmaking in 2024.

Analysts predict a resurgence of healthcare dealmaking in 2025 due to falling interest rates, increased dry powder available to invest, and the expectation that the Trump administration will view private equity investment more favorably than the Biden administration.[169]

Industry pushback

As a result of increased scrutiny and criticism, the private equity industry and its lobbyists have been fighting for the industry to be seen as credible and reputable.

In the past year, the primary private equity industry trade group, American Investment Council (AIC), has engaged in a digital campaign aimed at burnishing private equity's reputation in healthcare.[170] In February 2024, it released **a report, in partnership with PitchBook**, in an attempt to argue that private equity is improving healthcare.[171]

And in early July 2024, PitchBook published **an analyst note** that argues that "In general, the role of PE investment within the broader US healthcare ecosystem has been vastly overstated."[172] However, the PitchBook analyst note excluded add-on acquisitions from its analysis, which accounted for over 4,000 (two thirds) of the private equity deals in the time period in question.[173]

Healthcare industry news outlets have reported on this note without critically examining the data used to make such an argument.[174] When including add-on acquisitions in an analysis of private equity dealmaking, it is clear that healthcare continues to be a hot market, even when deal activity is relatively subdued compared to previous years.

On January 15, 2025, the HHS released its report in response to the public inquiry it launched with the FTC and DOJ in March 2024 to examine consolidation in healthcare markets. The release of the report was one of its last actions under the Biden administration. [175] The report highlights the impacts of increasing consolidation in our nation's healthcare markets and the recent influx of private equity and other private investors active in the sector.

The report calls for enhancing ownership transparency, increasing disclosures of mergers & acquisitions in healthcare by lowering reporting thresholds requiring review and approval, and empowering relevant authorities with data and resources needed to conduct review of healthcare transactions. It also calls for the federal government to pursue further enforcement actions to halt hospital mergers and industry rollups. And importantly, it calls for improvements in data sharing and other collaboration across agencies, Congress, and state and local authorities in an all-government approach to promote competition.[176]

It is unlikely that inquiries, investigations, and regulatory efforts undertaken by various federal agencies during the Biden administration to better address private equity in healthcare will carry into the Trump administration, which is moving to reduce the federal bureaucracy and workforce and pursue deregulatory priorities.[177]

Given this political context, PESP believes state legislatures may prove the most likely avenues to win legislation necessary to protect patients, workers, and communities from private equity's harms. The following contains policy recommendations specific to private equity dealmaking in healthcare.

Policy recommendations

To address risks associated with private equity acquisitions of healthcare companies, including "stealth consolidation"[178] that can lead to higher prices, state and federal policymakers must update laws and regulations to increase oversight of healthcare mergers and acquisitions.

On the state and federal levels, create a robust set of change-of-ownership regulations for healthcare facilities that give states and federal agencies the authority to approve or deny transactions, including joint ventures, based on multiple factors, such as cost and market share, long term access to quality healthcare for the community, and preservation of jobs and collective bargaining rights.

- In July 2024, the National Academy for State Health Policy (NASHP), a nonpartisan organization committed to developing and advancing state health policy innovations and solutions, published an updated version of its Comprehensive Consolidation Model Addressing Transaction Oversight, Corporate Practice of Medicine and Transparency.[179] NASHP's model legislation is a valuable resource for state policymakers seeking to curb anti-competitive investment practices in healthcare. Additionally, Rhode Island's Hospital Conversions Act presents an effective model of enacted legislation in this area.

On the federal level, expand federal pre-merger review authority by amending the Hart-Scott-Rodino Act to capture private equity-backed mergers and acquisitions of a lower dollar threshold. Additionally, healthcare mergers and acquisitions review authority should be expanded to the US Department of Health and Human Services, due to impacts private equity investment may have on quality of and access to patient care.

On the state level, require review of all private equity-backed healthcare provider transactions, regardless of dollar value.

For a more complete list of policy recommendations to address private equity's negative impacts in healthcare, see PESP's December 2024 report, "**Recent policy and regulatory initiatives to address private equity's negative impacts in healthcare.**"

APPENDIX A – METHODOLOGY

Each month, the healthcare team at PESP uses PitchBook to identify private equity-backed buyouts, add-on acquisitions and growth investments in the United States healthcare sector. A list of deals is generated, and then each reported deal is reviewed to verify accuracy and relevancy. The companies involved in the deals are then classified using categories tailored to PESP's strategic research needs. The PitchBook data is verified and supplemented with news and internet searches. After the year end, a PitchBook deals search is run for the whole year to identify deals that may have been missed during our initial monthly searches due to the timing of news releases and deal disclosures. Using this methodology, we identified 166 buyouts, 621 add-on acquisitions, and 262 growth investments for 2024, for a total of 1049 unique deals.

Limitations:
Our final deal count for 2024 is an underestimate, as some deals were missed due to our methodology, and therefore the data for this report should be read as an approximation of the private equity activity happening in the US health sector. Further, tracking private equity deal activity relies on firms accurately self-reporting their acquisitions and investments. It is possible some deals were missed or classified under the wrong month due to incomplete information from the parties involved in the transactions.

The classification scheme for healthcare companies was designed by PESP; note that some companies do not fall neatly into one category. Sometimes, a company is assigned two or even three categories, or a single category is chosen to best represent the company type. There is some subjectivity involved in the classification system and so the data may not align perfectly with similar datasets using different classification schemes.

Changes from our "Private Equity in US Healthcare: Trends in 2023 Deal Activity" *report*: Between our 2023 report and our 2024 report we slightly modified the classification scheme for healthcare companies. As such, some of our data is not easily comparable to 2023's data. For example, we began using the category "Pharma Services" to capture companies that fall under various aspects of contract and outsourced services for the pharmaceuticals and biotech industries throughout the drug development and commercialization process, including drug discovery, development, clinical trials, IRBs, and marketing. In our 2023 acquisitions tracking, many of these deals were classified under the "clinical research," "pharmaceuticals," or "biotech" categories.

For questions about the report data, methodology, and limitations, please contact **Mary Bugbee** at mary.bugbee@pestakeholder.org.

ENDNOTES

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