



Healthcare Services Market Update

Healthcare Services Post-2Q25 Update

August 2025

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Bourne's Healthcare Services Expertise

Healthcare Services Sector Expertise



Industry Segments

Healthcare Services

Post Acute Care
Behavioral Health
Managed Care
Physician Practice Management
Alternate Site



Outsourced Services

Distribution
Home Medical Supplies / DME
Labs
Pharmacy & Pharmacy Services
Staffing



Technology & Tech-Enabled Services

Virtual Care-Enablement
ProviderTech
Payor Services & Technology



Transaction Structures

Sell/Buy-Side M&A
Carveouts
Alternative Financing Solutions



Healthcare
Services



Pharma
Services



Therapeutics



Consumer
Healthcare

Representative Healthcare Services Transaction Activity

 Growth Recapitalization and Fund-to-Fund transfer of SOLEO HEALTH	 Sale of Home Infusion Assets to KabaFusion A portfolio company of PPC Partners	 Advisor to Board of Directors on Strategic Alternatives	 Sale to SOC Telemed A portfolio company of PATIENT SQUARE Sell-Side M&A
 Acquisition of a Majority Interest in Bayless Integrated Healthcare	 Minority Equity Investment in Kaden Exclusive financial advisor to Magellan Health	 Financial Advisor to Quorum Health on its Chapter 11 Reorganization	 Advisor to Kinderhook on its acquisition of MCS Buy-Side M&A
 Sell-side Advisor to Brand New Day Bright HealthCare	 Buyside Advisor to BCBS of Arizona Steward HealthChoice	 Sale to healthgrades A portfolio company of VESTAR Buy-Side M&A	 Private Placement Exclusive Placement Agent

Note: Includes transactions completed at prior firms.



Section One

Healthcare Services Update

i. Healthcare Services Commentary

ii. The *One Big and Beautiful Bill Act* of July 2025

iii. Key Drivers of *One Big Beautiful Bill Act* Medicaid Savings

iv. The Infusion Therapy Space Continues to Shine

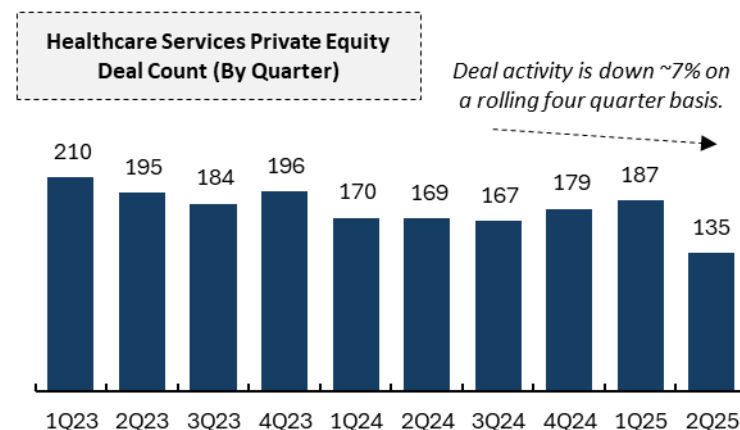
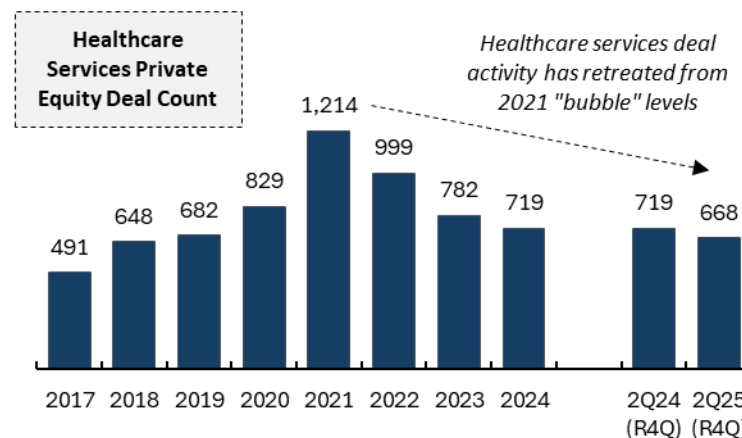
Healthcare Services Sector Update

We remain optimistic for a recovery in healthcare services deal activity in 2026 after the “dust settles” from the just passed *One Big Beautiful Bill (OBBB) Act*. The OBBB Act includes very sizable Medicaid spending reductions. However, in our view, the behavioral health space may prove be relatively insulated. Also, we continue to see elevated interest in the home and alternate site infusion therapy space following our recent attendance of the NICA Conference in late June.

The OBBB Act is expected to reduce Medicaid spending by \$1 trillion over the coming decade. The impact of this will likely vary widely by provider type and by state. However, on average, we estimate, it will result in a ~8%-10% of annual Medicaid revenue headwind for many healthcare providers, cumulatively, by 2034. This, in turn, could lead to more consolidation among healthcare providers to better absorb these Medicaid revenue pressures.

The OBBB Act may also catalyze greater interest in value-based reimbursement models, in our opinion. This, too, may result in mergers and acquisitions. Having sufficient size and scale is critical to success in value-based reimbursement because a provider needs a sufficient number of patient lives to develop the necessary data and evidence to take on performance risk. Also, larger patient populations allow for risk to be better spread out (diversified).

The Bourne Partners team recently attended the 2025 National Infusion Center Association (NICA) Conference to meet with executives and private equity investors in the home and alternate site infusion therapy space. Notably, there was significant focus at the NICA Conference on opportunities to use information technology. We believe that this is particularly important for infusion providers who are looking to sell their businesses.



Sources: Pitchbook, S&P Global Market Intelligence, and Company filings

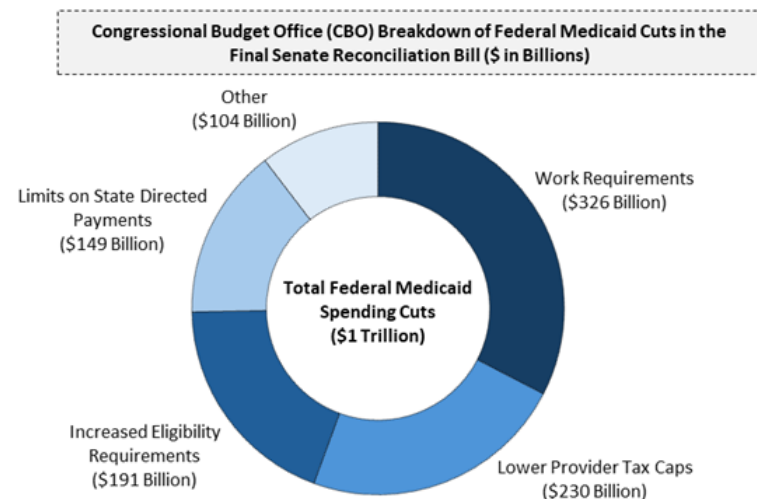
The *One Big and Beautiful Bill* Act of July 2025

On its face, the *One Big Beautiful Bill (OBBB) Act* is a major negative for healthcare providers. In response to what is expected to be major Medicaid revenue headwinds for providers, we think that this legislation could lead to significant consolidation across the U.S. healthcare system. In the past, healthcare providers have often looked to mergers and acquisitions as a way to generate economies of scale to help absorb reimbursement pressures.

Passed in July 2025, the **OBBB Act is expected to reduce Medicaid spending by \$1 trillion over the coming decade**, according to estimates by the *Congressional Budget Office (CBO)*. Built into these CBO projections is an assumed lowering of Medicaid enrollment by 11.8 million by 2034 (versus 79.6 million beneficiaries in 2024). By 2034, we ballpark the total cumulative negative effect of the OBBB Act on provider Medicaid revenues (nationally) would be in the 8%-10% range, on a run-rate basis.

In our view, **the bulk of the direct hit of the OBBB Act will be on hospitals, nursing homes, and intermediate care facilities, while other areas, such as behavioral health, may be less impacted.** Also, the expected reduction in Medicaid funding will vary widely from state-to-state depending on, among other things, the mix of federal funding, the use of provider taxes, and the use of state-directed payments. Generally, we anticipate that expansion/blue states will get hit much harder than non-expansion/red states.

Pressure on fee-for-service reimbursement could further lead to greater interest in value-based reimbursement models, in our opinion. This, too, may result in mergers and acquisitions. Having sufficient scale is critical to success in value-based reimbursement because a provider needs a sufficient number of patient lives to develop the necessary data and evidence to be able to go to a payer and confidently argue for higher reimbursement (in exchange for taking on more performance risk). Also, larger patient populations allow for risk to be better spread out (diversifying away natural variations in outcomes). Finally, providers need sufficient financial economies of scale in order to scale the needed infrastructure investments for value-based reimbursement.



Elements of *One Big Beautiful Bill Act* Medicaid Savings

The \$1 trillion of expected Medicaid savings from the *One Big Beautiful Bill (OBBB) Act* is projected to come from a **variety of sources**. That said, the top four drivers of savings account for ~90% of the total expected savings. This includes work requirements, elevated eligibility requirements, caps on provider taxes, and caps on supplemental payments.

- 1 Work Requirements (~33% of Total Medicaid Cuts).** The main driver of the Medicaid spending cuts in the OBBB Act are the implementation of work requirements. Per the *Congressional Budget Office (CBO)*, this is expected to reduce Medicaid spending by \$326 billion over the next decade. Under the work requirement, able-bodied adults, aged 19-64, must be able to document that they worked at least 80 hours a month (or participate in other qualifying activities such as schooling or community service) in order to receive benefits. Notably, the behavioral health space may be less impacted since there are exceptions for individuals with mental health and substance use disorders. The bill also identifies inpatient psychiatric hospitalizations as a “short term hardship” and it exempts these individuals from work requirements during the month in which the hardship occurs. Finally, the work requirements affect only childless adults, so they are unlikely to have any impact on providers serving pediatric populations (e.g., autism and/or developmental disorders).
- 2 Elevated Eligibility Requirements (~23% of Total Medicaid Cuts).** The OBBB Act increases eligibility requirements, essentially making it more difficult for Americans to enroll in Medicaid. These new eligibility regulations are expected to generate \$230 billion in savings over the next decade. For instance, under the OBBB Act, states will be required to check eligibility every six months (instead of once annually). Also, the OBBB Act stops enforcement of regulations by the former Biden administration that otherwise would have streamlined the enrollment process.
- 3 Cap on Provider Taxes (~19% of Total Medicaid Cuts).** Moreover, the OBBB Act freezes provider taxes in states that have not expanded their Medicaid programs under the Patient Protection and Affordable Care (ACA) Act, and it gradually lowers the provider tax ceiling in ACA expansion states. Over the next decade, this is expected to reduce Medicaid spending by \$89 billion and \$102 billion, respectively -- or \$191 billion in total.
- 4 Supplemental Payments (~15% of Total Medicaid Cuts).** Finally, the OBBB Act limits the ability of states to make supplemental payments for services covered in Medicaid managed care contracts from the average commercial rate to Medicare rates in ACA expansion states and 10% above the Medicare rate in non-expansion states. This feature of the OBBB Act is anticipated to lower Medicaid spending by \$149 billion over the next decade.

The Infusion Therapy Space Continues to Shine

We continue to view home and alternate site infusion therapy as one of the most attractive verticals in healthcare services today with growth driven by therapeutic innovation, the shift towards lower-cost, non-hospital settings of care, and patient preferences. Also, the home and alternate site infusion therapy space continues to be highly fragmented. So, we see an opportunity for meaningful economies of scale to be gained through mergers and acquisitions.

In late June 2025, the Bourne Partners team attended the **2025 National Infusion Center Association (NICA) Annual Conference** to meet with executives and private equity investors in the home and alternate site infusion therapy space. *For more, refer to recent Bourne Insights white paper: [Infusion Therapy Market Update](#) (June 25, 2025).*























By far, **we consider the primary reimbursement issue for home infusion therapy to be the “flawed” Medicare Part B reimbursement methodology.** At a recent House Energy & Commerce Committee meeting, Robert Kennedy, commented about the need to reconsider the Medicare Part B reimbursement methodology for home infusion to improve access to care, particularly for rural and elderly patients. Today, only ~5,200 traditional Medicare beneficiaries are able to access their home infusion benefit annually -- out of over 30 million total traditional Medicare beneficiaries. This is clearly a gross underutilization of home infusion among the Medicare population -- vs the 3.2 million patients (outside of Medicare) who are able to access home infusion services annually. We see “fixing” Medicare Part B as a huge opportunity for home infusion therapy providers as it would likely result in a significant, industry-wide 10%+ lift to annual patient volumes.

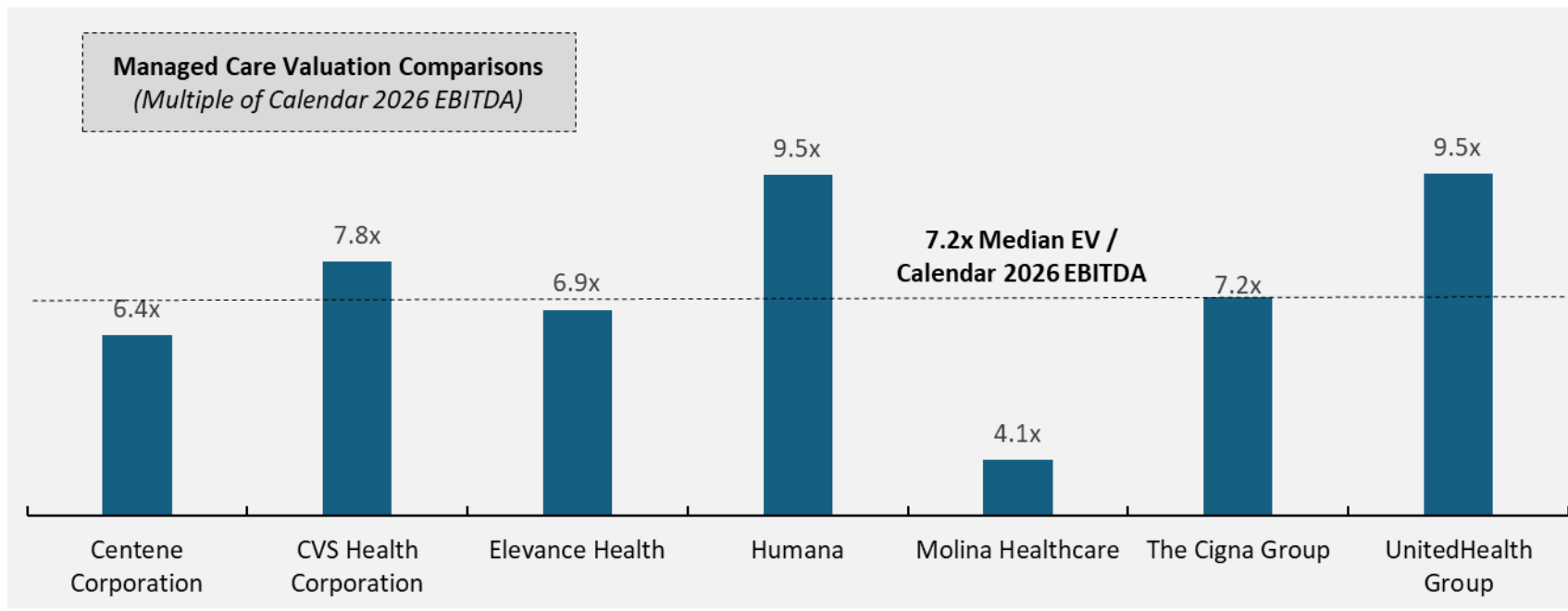


There was significant focus at the NICA Conference on opportunities for providers to adopt information technology. We believe this is important for infusion providers who are looking to sell their businesses. Investors want to see home and alternate site infusion therapy providers with a clearly defined information technology roadmap. In our view, the lack of an information technology strategy raises red-flags about a provider’s commitment to long-term operating efficiency. Also, information technology adoption can have direct financial implications for a provider over time as well. Studies consistently show that technology enablement can accelerate patient referrals/transitions, reduce payment denials, improve patient engagement, and increase labor efficiencies, among other things. All of this shows up in revenues and EBITDA and facilitates economies of scale, something that investors want to see as a business grows. Finally, we find that investors are often willing to ‘adjust’ for (add-back) one time information technology expenses when valuing a provider on a multiple of EBITDA.

Selected Healthcare Services Transactions

Date	Target	Acquirer	Commentary	Tags	Deal Value
Aug-2025			National provider of home health, hospice, and other care to patients in 38 states	Homecare	\$3.3 Bil
Aug-2025			Delivers complex intravenous therapies directly to patients in their homes and through infusion centers	Infusion Therapy	\$2.2 Bil
Jul-2025			Global retail pharmacy chain and consumer stores with 8,700+ locations across eight countries	Conglomerate	\$23.7 Bil
Jul-2025			An integrated health plan and hospital as well as multiple medical groups	Health System	\$708 Mil
Jun-2025			Network of 250+ multispecialty ambulatory surgery centers across 34 states	Homecare	\$3.9 Bil
May-2025			Provider of ABA treatment services for individuals with autism and other special needs	Behavioral	Not Public
May-2025			Acquisition of six locations providing home and alternate site infusion therapy	Infusion Therapy	Not Public
Apr-2025			Provider of ophthalmology and retina management services with 180 providers and 91 office locations	Vision	\$1.0 Bil
Mar-2025			Premium private pay retirements residences for senior in 30+ facilities across North America	Senior Care	\$3.2 Bil
Feb-2025			Specialty pharmacy and infusion services through a network of pharmacies and ambulatory infusion suites	Infusion Therapy	\$1.1 Bil

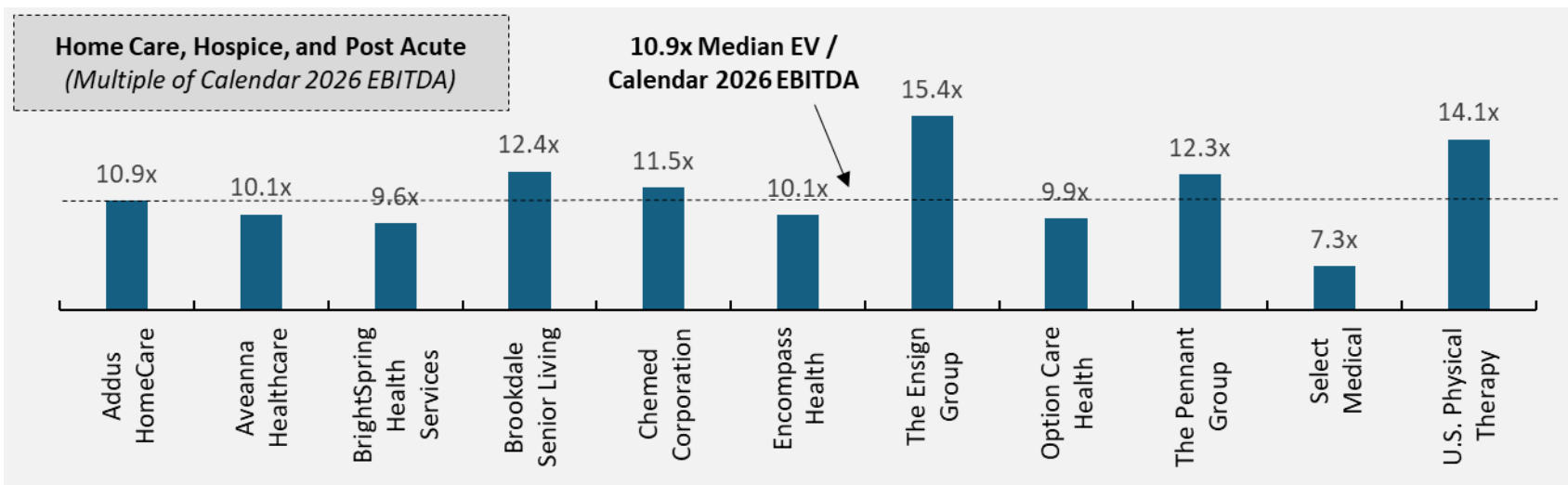
Trading Valuations: Managed Care and HMOs



Company Name	Ticker	Equity Value	Net Debt / (Net Cash)	Enterprise Value	Projected CY2026		Projected CY2026			Debt Ratio
					Revenue	Growth	EBITDA	Growth	Multiple	
Managed Care (7)										
Centene Corporation	CNC	\$13,992	\$3,064	\$17,056	\$194,388	2.4%	\$2,650	46.7%	6.4x	1.2x
CVS Health Corporation	CVS	87,007	68,551	155,558	431,506	5.8%	19,830	10.3%	7.8x	3.5x
Elevance Health	ELV	69,708	21,626	91,334	223,014	7.0%	13,186	14.9%	6.9x	1.6x
Humana	HUM	34,445	8,881	43,326	142,509	6.0%	4,554	22.7%	9.5x	2.0x
Molina Healthcare	MOH	9,078	(936)	8,142	50,033	5.2%	2,005	16.5%	4.1x	-0.5x
The Cigna Group	CI	79,240	25,626	104,866	289,924	5.7%	14,613	6.3%	7.2x	1.8x
UnitedHealth Group	UNH	275,334	50,597	325,931	494,892	5.3%	34,206	12.4%	9.5x	1.5x
Average (Mean)						5.4%		18.5%	7.4x	1.6x
Average (Median)						5.7%		14.9%	7.2x	1.6x

Note: Market values as of the close of business August 15, 2025.
Source: S&P Global Market Intelligence

Trading Valuations: Home Care, Hospice and Post-Acute Care

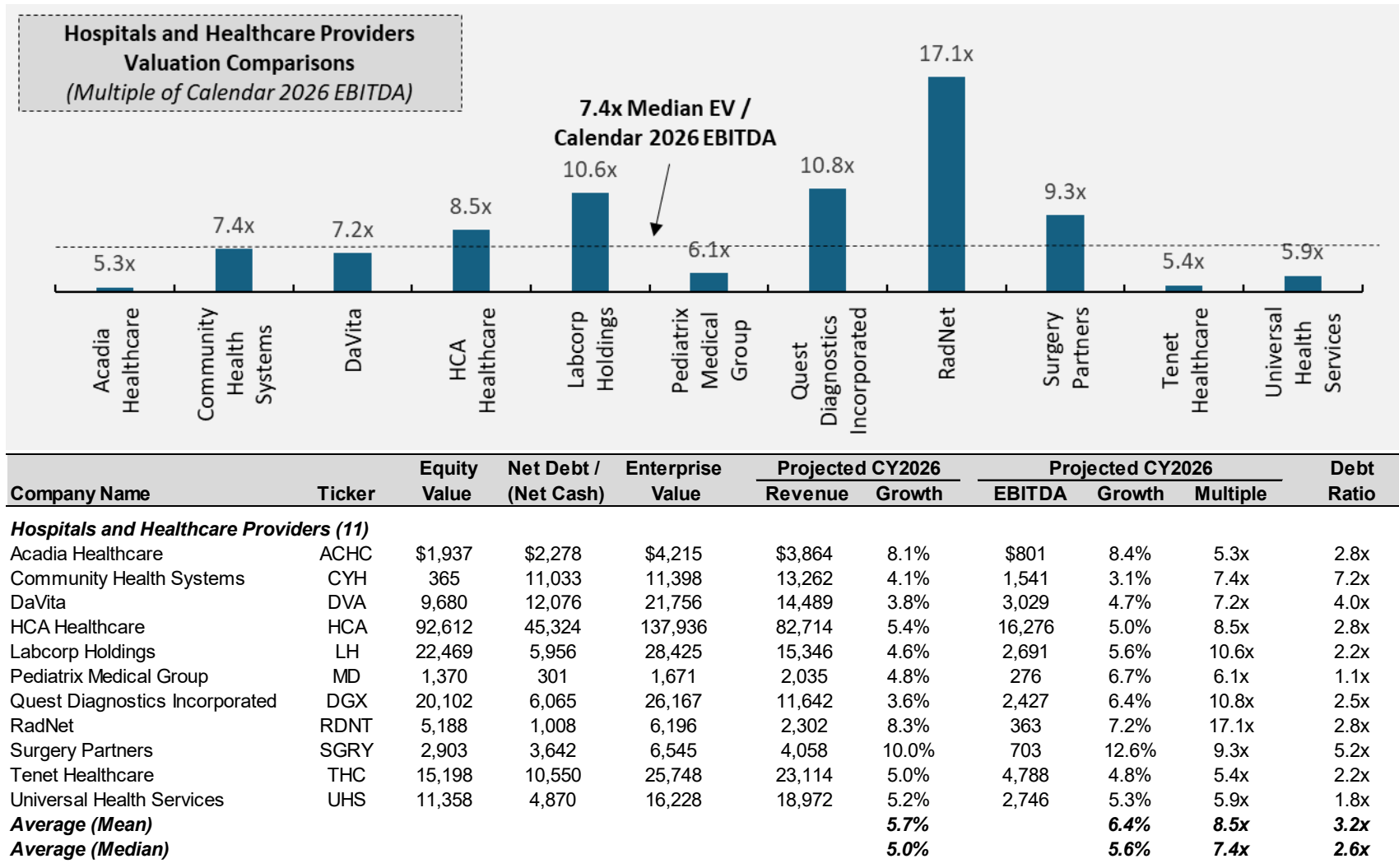


Company Name	Ticker	Equity Value	Net Debt / (Net Cash)	Enterprise Value	Projected CY2026		Projected CY2026			Debt Ratio
					Revenue	Growth	EBITDA	Growth	Multiple	
Home Care, Hospice, and Post Acute (12)										
AdaptHealth Corp.	AHCO	\$1,255	\$1,880	\$3,135	\$3,805	10.6%	\$833	17.1%	3.8x	2.3x
Addus HomeCare	ADUS	\$2,091	\$131	\$2,222	1,617	7.9%	205	6.6%	10.9x	0.6x
Aveanna Healthcare	AVAH	1,479	1,391	2,869	2,529	3.5%	284	2.7%	10.1x	4.9x
BrightSpring Health Services	BTSG	4,563	2,639	7,202	15,792	12.4%	749	11.7%	9.6x	3.5x
Brookdale Senior Living	BKD	1,736	5,299	7,035	3,295	5.2%	567	19.4%	12.4x	9.3x
Chemed Corporation	CHE	6,461	(104)	6,357	2,819	3.8%	552	5.3%	11.5x	-0.2x
Encompass Health	EHC	12,125	2,587	14,712	6,963	8.0%	1,459	8.8%	10.1x	1.8x
The Ensign Group	ENSG	9,520	1,621	11,141	6,148	10.6%	725	10.6%	15.4x	2.2x
Option Care Health	OPCH	4,596	1,023	5,619	6,637	8.9%	568	10.3%	9.9x	1.8x
The Pennant Group	PNTG	873	305	1,178	1,105	12.3%	96	19.2%	12.3x	3.2x
Select Medical	SEM	1,576	2,827	4,403	5,989	5.6%	601	7.7%	7.3x	4.7x
U.S. Physical Therapy	USPH	1,304	270	1,574	872	7.0%	111	8.9%	14.1x	2.4x
Average (Mean)						8.1%		10.5%	11.3x	3.3x
Average (Median)						8.0%		10.3%	10.9x	2.7x

Note: Market values as of the close of business August 15, 2025.

Source: S&P Global Market Intelligence

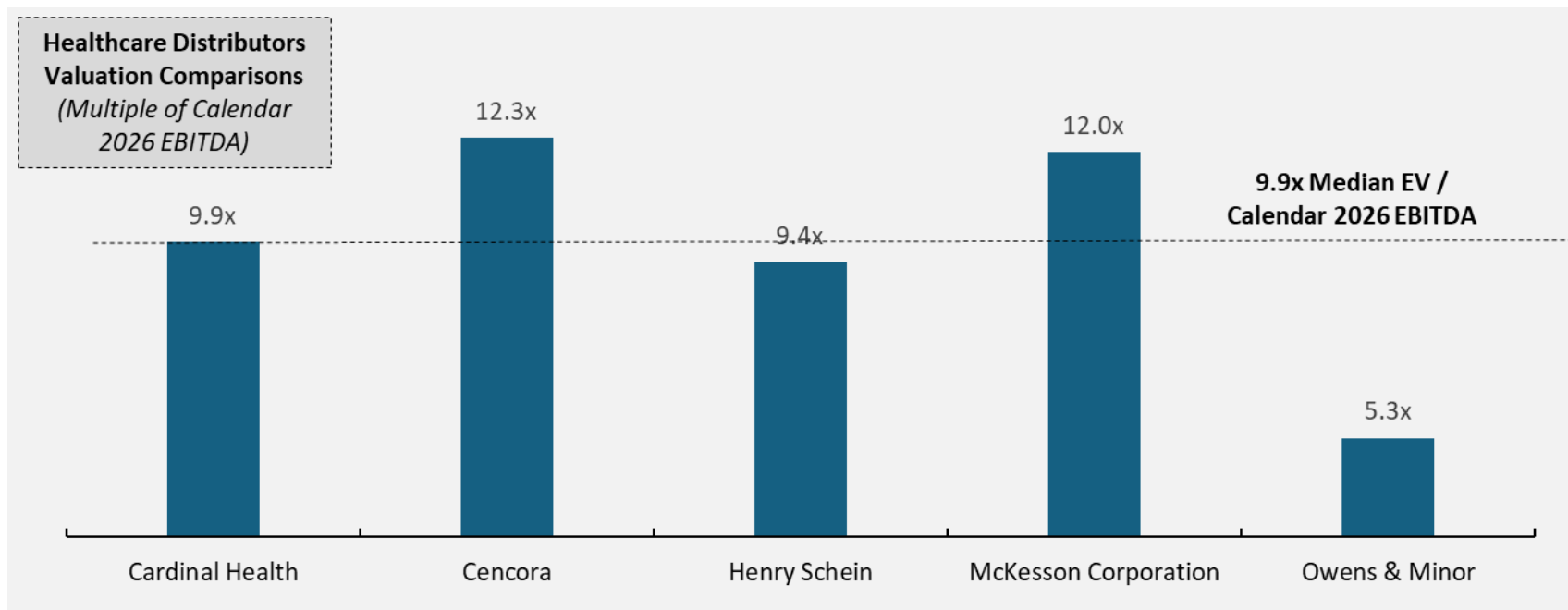
Trading Valuations: Hospitals and Healthcare Providers



Note: Market values as of the close of business August 15, 2025.

Source: S&P Global Market Intelligence

Trading Valuations: Distributors



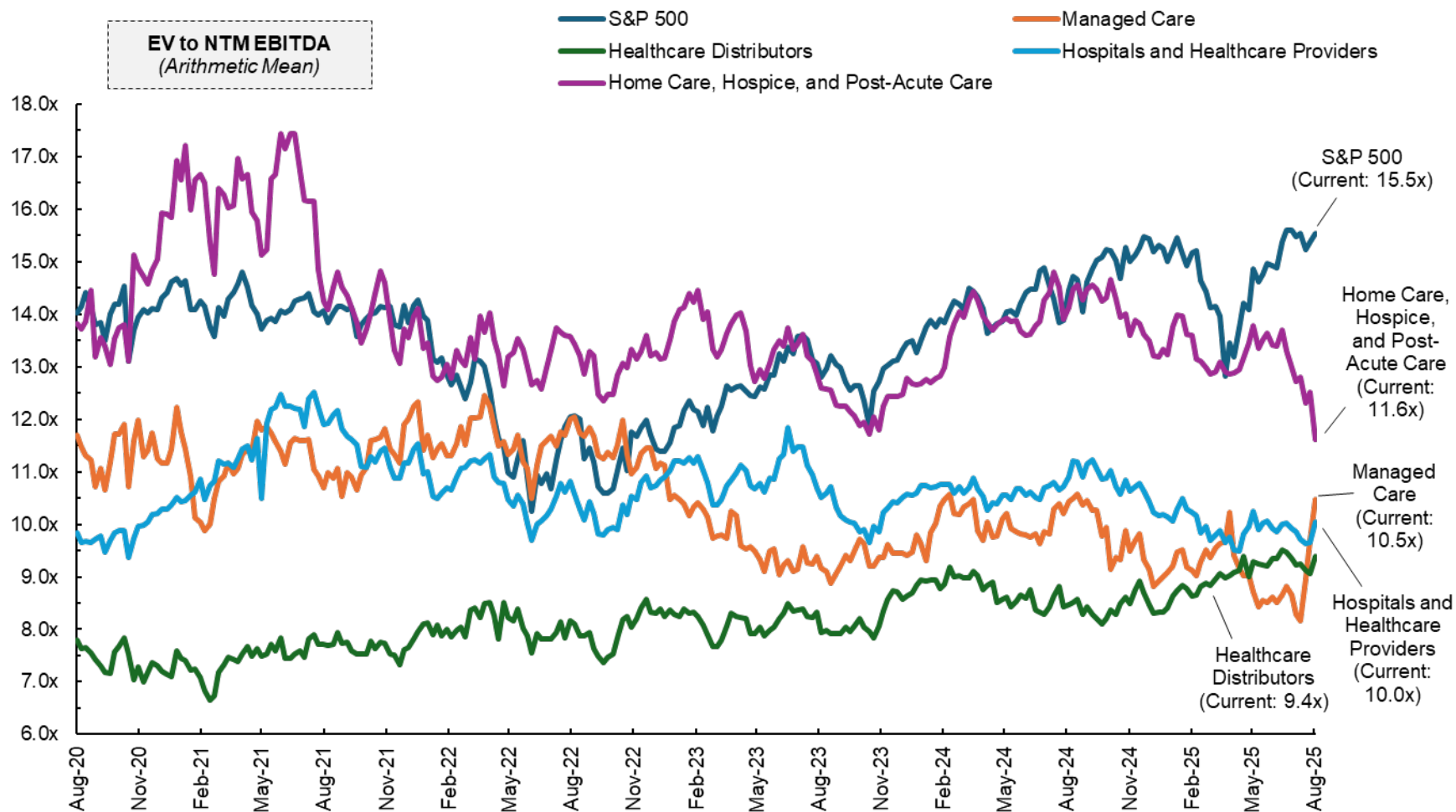
Company Name	Ticker	Equity Value	Net Debt / (Net Cash)	Enterprise Value	Projected CY2026		Projected CY2026			Debt Ratio
					Revenue	Growth	EBITDA	Growth	Multiple	
Healthcare Distributors (5)										
Cardinal Health	CAH	\$35,726	\$5,514	\$41,240	\$277,037	7.0%	\$4,184	9.4%	9.9x	1.3x
Cencora	COR	56,771	7,915	64,687	348,948	7.1%	5,264	6.6%	12.3x	1.5x
Henry Schein	HSIC	8,227	3,213	11,440	13,992	3.9%	1,217	5.6%	9.4x	2.6x
McKesson Corporation	MCK	83,717	7,527	91,244	465,120	8.2%	7,634	7.6%	12.0x	1.0x
Owens & Minor	OMI	439	2,064	2,503	4,633	10.4%	472	8.5%	5.3x	4.4x
Average (Mean)						7.3%		7.5%	9.8x	2.2x
Average (Median)						7.1%		7.6%	9.9x	1.5x

Note: Market values as of the close of business August 15, 2025..

Source: S&P Global Market Intelligence



Bourne Healthcare Services Indices (By Sub-Segment)



Note: Market values as of the close of business August 15, 2025.
Source: S&P Global Market Intelligence

Section Two

Bourne Partners

i. Bourne Partners Overview

ii. Thought Leadership

iii. Sector Expertise and Dedicated Coverage Professionals

Bourne Partners Overview

Since 2001, Bourne Partners has been offering a unique perspective and unmatched expertise while remaining highly focused on fulfilling the needs of established healthcare and life sciences companies across the globe

Our Passion

*“Working with **great people** and **great companies** to achieve **extraordinary results**.”*

Highly-Focused Firm



Therapeutics

Pharma
Services

Healthcare
Services

Bourne Partners Investment Banking

Mergers & Acquisitions	
<i>Sell-Side Advisory</i>	<i>Buy-Side Advisory</i>
<i>Company & Product Focus</i>	<i>\$100M - \$1B+ Enterprise Value</i>
Capital Advisory Services	
<i>Equity Capital Raising</i>	<i>Debt Capital Raising</i>
<i>Alternative Financing Options</i>	<i>\$100M+ Capital Raises</i>

Value-Add Advisors with a Global Reach

\$15B+

Transaction
Value

15

Years of Average
Tenure at Bourne¹

25+

Year Track
Record

Six

Continents
Reached

Research and Thought Leadership at Bourne Partners



Donald Hooker, CFA
Director of Research

Over twenty years of experience as a publishing sell-side equity analyst at UBS, Morgan Stanley, KeyBank Capital Markets, and Capital One, among others

Extensive background in healthcare services, pharma services, and healthcare information technology

Joined Bourne Partners in July 2024 to build out a research function

Morgan Stanley

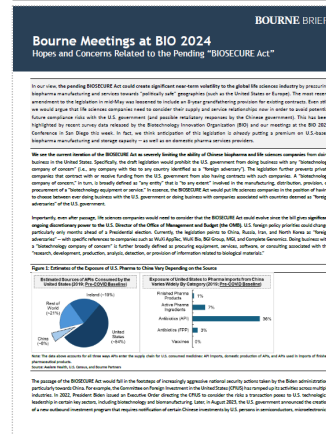
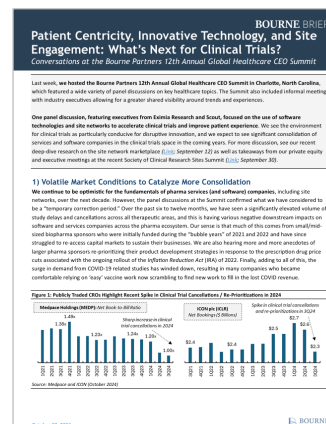
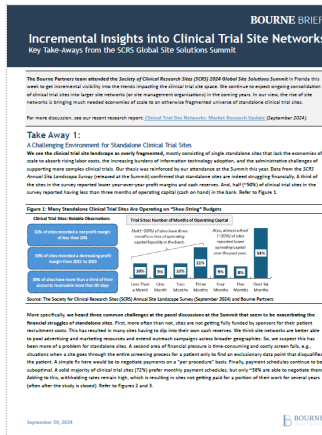
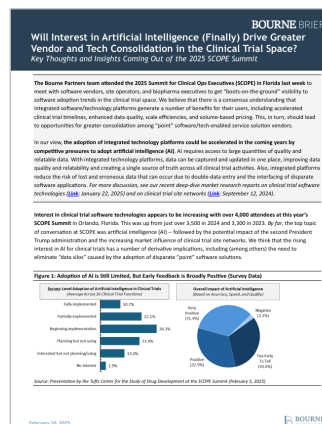


KeyBank
Capital Markets



The Bourne Partners Perspective

With 20+ years of exclusive industry and capital markets coverage, we are committed to providing insights to clients. We provide cutting-edge thought leadership on all things Pharma, Pharma Services, Healthcare Services, and Consumer Health.



Sector Expertise and Dedicated Coverage Professionals

Therapeutics

Representative Focus Areas

- Commercial-Stage Specialty & Rare Disease Biopharma Therapeutics
- Generic Pharma
- Legacy / Established Brands
- 505(b)(2)
- De-Risked Clinical Stage Biotech
- Cell & Gene Therapies
- Medical Devices

Representative Solutions

- Public & Private Sell-Side M&A
- Debt & Equity Financing
- Synthetic Royalty / Revenue Interest Financing
- Royalty Monetization
- Priority Review Voucher (PRV) Monetization & Financing



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Pharma Services

Representative Supply Chain Services

- Full-Service & Specialty CMOs & CDMOs
- Biostorage, Distribution & Logistics Services
- Commercial Lab & Analytical Services
- Contract Packaging & Labeling
- Manufacturing Consulting & Strategy Services

Representative Clinical Services

- Full-Service & Specialty CROs
- SMOs & Clinical Research Site Networks
- Patient Recruitment & Engagement
- Research Site-Enabling Services & Technologies
- Clinical Regulatory Consulting & Strategy Services

Representative Commercialization Services

- HCP, Patient & Omnichannel Engagement
- Market Access & Pricing, HEOR, RWE
- Medcomms & Healthcare Marketing / Advertising
- Medical & Regulatory Affairs & Pharmacovigilance
- Patient Support & Hub Services



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Healthcare Services

Representative Healthcare Services

- Post Acute Care
- Behavioral Health
- Managed Care
- Physician Practice Management
- Alternate Site

Representative Outsourced Services

- Distribution
- Home Medical Supplies & DME
- Labs & Lab Services
- Staffing
- Virtual Care-Enablement & Provider Technologies

Representative Pharmacy Services

- Infusion Services
- 503A Compounding Pharmacy
- 503B Hospital Outsourcing
- Specialty and Retail Pharmacy
- Medication Management & Adherence



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