



# Cain Brothers Insights

## Hospital and Health System M&A

Q1 2025 Review

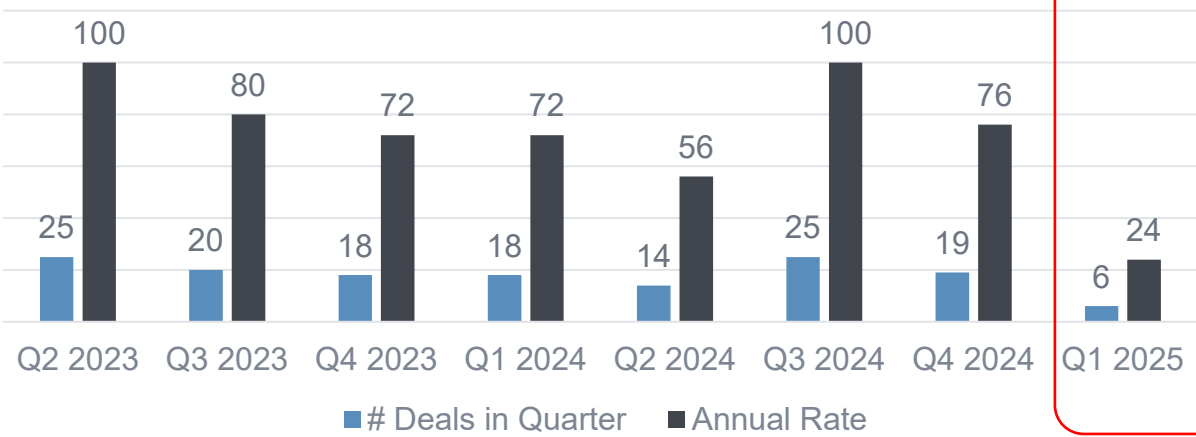
# First Quarter 2025 Overview

Significant decline in transaction volume this quarter

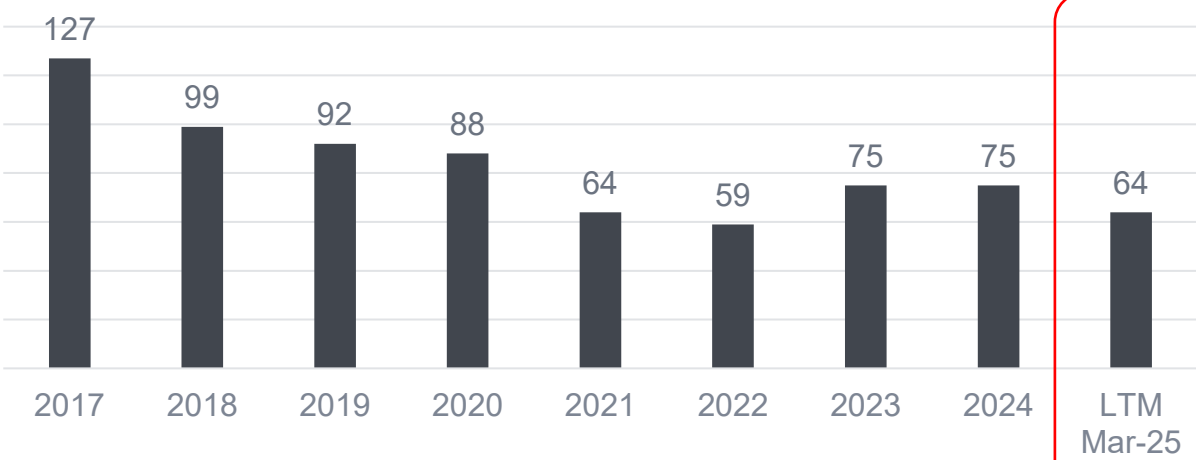
## Report Summary

- 6 M&A deals announced in the first quarter of 2025
  - Number of deals down 68% from the prior quarter
  - Number of deals down 67% from Q1 2024
- 64 M&A deals announced in the LTM Period Ending March 2025
  - Lowest 12-month period since 2022
- M&A volumes in 2025 are initially trending in line with 2021 and 2022, years that experienced macroeconomic insecurity post-covid
- Themes observed:
  - With ongoing policy changes under a new administration, shifting winds have created substantial uncertainty and underscore potential revenue and cost pressures for health systems
  - Under the current budget framework, healthcare cuts focused on Medicaid could range from \$400-1,000 billion
  - Proposed cuts to Medicaid and research funding could be very damaging to health systems and academic medical centers, and this likely is impacting M&A activity as systems recalibrate strategic priorities
  - As the impact from policy changes and global trade agreements become clearer, systems will have better footing to guide them in a new world
  - We expect the number of hospital and health system mergers, acquisitions, and divestitures in 2025 to continue at an increasing rate
  - Divestitures by national systems to regional health systems will also continue

## Quarterly M&A Volume (# of Deals)



## Annual M&A Volume (# of Deals)



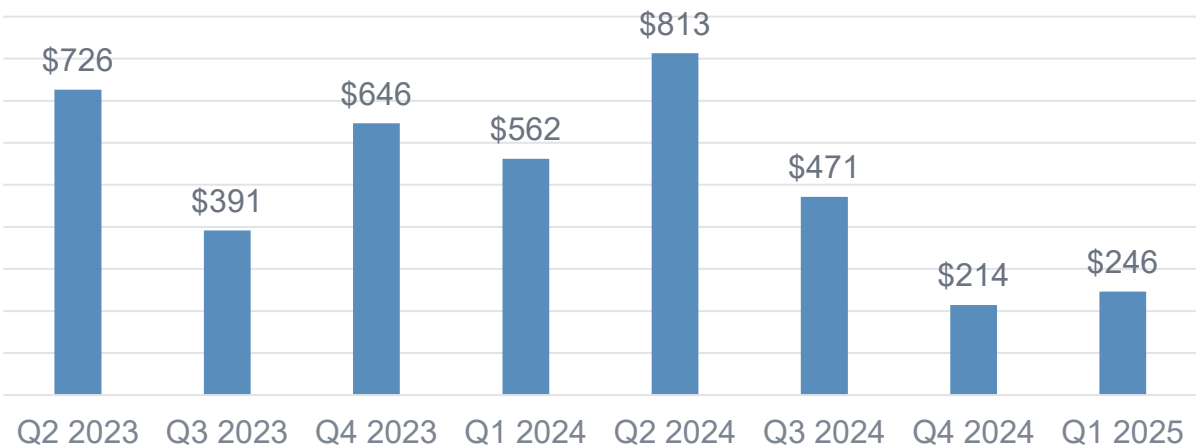
# First Quarter 2025 Overview

Aggregate revenues for M&A activity significantly less than prior quarters; average target in line with prior quarter

## Report Summary

- Aggregate revenues for the 6 announced M&A targets was of \$1.5 billion in the first quarter of 2025
  - Aggregate revenues down 64% from Q4 2024
- Average revenues for 6 announced deals was \$246 million
  - Slightly up from \$214 million the prior quarter
- Primary catalysts include:
  - Financial leverage of the seller parent company
  - Improving market relevance for the buyer
  - Desire for revenue and geographic diversification and economies of scale & capabilities
  - Decreasing EBITDA margins
  - IT capex needs like Epic
  - Reimbursement % increases below historical real rates
  - Regulatory changes; Medicaid expansion and / or CON changes in some states
  - Construction costs per new bed have increased dramatically making the case for buy vs. build

## Quarterly M&A Scale (Average Target Revenues in \$m)



## Quarterly M&A Scale (Combined Target Revenues in \$bn)





## Central Maine Healthcare and Prime Healthcare Foundation

- In January, Central Maine Healthcare announced it had signed an affiliation agreement with Prime Healthcare Foundation. Central Maine Healthcare is an integrated healthcare delivery system serving 400,000 people living in central, western and Midcoast Maine, with over 600 physicians and advanced practice professionals in more than 40 locations. CMH's hospital facilities include Central Maine Medical Center in Lewiston, a 250-bed, not-for-profit, Level III Trauma Center, CMMC is also the central Maine base for LifeFlight of Maine, the state's only medical helicopter. The health system includes Bridgton Hospital and Rumford Hospital, two not-for-profit 25-bed critical access hospitals that care for rural communities. Bridgton Hospital serves the people of the Lakes Region of western Maine and Rumford Hospital offers inpatient and outpatient services to Maine's River Valley community.
- Prime Healthcare is a health system operating 44 hospitals and more than 300 outpatient locations in 14 states, providing over 2.6 million patient visits annually. It is one of the nation's leading health systems with nearly 45,000 employees and physicians. Fourteen of the Prime Healthcare hospitals are members of the Prime Healthcare Foundation, a 501(c)(3) not-for-profit public charity.
- Cain Brothers was engaged by Central Maine Healthcare to serve as its exclusive sell-side advisor to assist through the affiliation process and negotiations with Prime Healthcare Foundation.



## Parkview Health and Logansport

- In February, Parkview Health ("Parkview") announced that it had signed a letter of intent to acquire Logansport Memorial Hospital in Indiana. The deal is expected to close by the end of June.
- Logansport Memorial Hospital is an 83-bed regional medical center serving Cass County Indiana, with a population of approximately 40,000. Logansport will join Parkview's portfolio of 14 hospitals and network of primary care and specialty care physicians. Parkview serves around 1.3 million people in northeast Indiana and northwest Ohio and is the region's largest employer.
- As part of the affiliation agreement, Parkview has committed to maintain certain clinical services, employment of the current medical and administrative staff, and funding certain capital projects through 2030.



## Prospect Medical Files Chapter 11

- In January Prospect Medical Holdings, Inc. ("PMH") announced the filing of Chapter 11 Proceedings and has initiated sales of all hospital assets
- This marked the second major bankruptcy filing of a closely held, for-profit hospital operator in less than a year, following Steward's filing in May of 2024
- Later in January PMH announced it will sell Crozer Health assets to Not-for-Profit Consortium while "Working constructively with the Commonwealth of Pennsylvania to ensure seamless ownership transition"

# Announced Transactions: Q1 2025

Target/Seller	State	Seller Status	Revenue (\$MM)	Buyer	Buyer Status	Revenue (\$MM)	Announced
2025-Q1							
Northwest Regional Health	AL	Non-Profit	\$28	North Mississippi Health Services	Non-Profit	\$1,204	3/28/2025
Logansport Memorial Hospital	IN	Non-Profit	\$110	Parkview Health	Non-Profit	\$3,072	2/21/2025
The Bellevue Hospital	OH	Non-Profit	\$58	Firelands Health	Non-Profit	\$308	2/5/2025
Crozer Health (Prospect)	PA	For Profit	\$511	Undisclosed Non-Profit Consortium	Non-Profit	N/R	1/31/2025
Sharon Regional Hospital (Steward)	PA	For Profit	\$125	Tenor Health Partners	For Profit	N/R	1/10/2025
Central Maine Healthcare	ME	Non-Profit	\$643	Prime Healthcare	For Profit	\$6,588	1/8/2025

# Announced Transactions: Q4 2024

Target/Seller	State	Seller Status	Revenue (\$MM)	Buyer	Buyer Status	Revenue (\$MM)	Announced
2024-Q4							
Perry County Community Hospital	TN	Non-Profit	\$121	BradenHealth	Non-Profit	\$40	12/25/2024
Lakeside Medical Center	FL	Non-Profit	\$58	Tampa General Hospital	Non-Profit	\$2,544	12/18/2024
Atlantic General Hospital	MD	Non-Profit	\$56	TidalHealth	Non-Profit	\$794	12/12/2024
Bay Area Hospital	OR	Non-Profit	\$197	Quorum Health	For Profit	\$679	12/12/2024
Lake Norman Regional Medical Center (CHS)	NC	For Profit	\$144	Duke University Health System	Non-Profit	\$4,745	12/11/2024
St. Joseph's Hospital	WI	Non-Profit	\$44	The Chippewa Valley Health Cooperative	Non-Profit	N/R	12/9/2024
Shore Point Health - Port Charlotte / Punta Gorda (CHS)	FL	For Profit	\$263	AdventHealth	Non-Profit	\$16,207	11/22/2024
Lehigh Regional Medical Center (Prime)	FL	For Profit	\$43	HCA	For Profit	\$53,387	11/21/2024
Black Hills Surgical Hospital	SD	For Profit	N/R	Sanford Health	Non-Profit	\$5,328	11/15/2024
Bayonne Medical Center (Carepoint Health)	NJ	Non-Profit	\$135	Hudson Regional Hospital	Non-Profit	\$181	11/8/2024
Merit Health Biloxi (CHS)	MS	For Profit	\$70	Memorial Health System	Non-Profit	\$760	11/8/2024
Foothill Regional Medical Center (Prospect)	CA	For Profit	\$202	Astrana Health	For Profit	\$478	11/7/2024
St. Rose Hospital	CA	Non-Profit	\$119	Alameda Health System	Non-Profit	\$1,451	11/1/2024
Harbor Beach Community Hospital	MI	Non-Profit	\$19	Scheurer Health	Non-Profit	\$55	10/29/2024
7 Florida / Texas Hospitals (Steward)	TX/FL	For Profit	\$1,263	Healthcare Systems of America / American Healthcare Systems	For Profit	\$395	10/28/2024
Salem Memorial District Hospital	MO	Non-Profit	\$29	Phelps Health	Non-Profit	\$310	10/22/2024
Trumbull Regional Medical Center / Hillside Rehabilitation (Steward)	OH	Non-Profit	\$139	Insight Health System	Non-Profit	\$74	10/10/2024
Monticello Hospital	MN	Non-Profit	\$99	CentraCare	Non-Profit	\$1,549	10/3/2024
Estes Park Health	CO	Non-Profit	\$65	UCHealth	Non-Profit	\$6,858	10/3/2024

# Announced Transactions: Q3 2024

Target/Seller	State	Seller Status	Revenue (\$MM)	Buyer	Buyer Status	Revenue (\$MM)	Announced
2024-Q3							
Jennie Stuart Health	KY	Non-Profit	\$173	Deaconess Health System	Non-Profit	\$1,827	9/24/2024
Wadley Regional Medical Center (Steward)	TX	For Profit	\$98	CHRISTUS Health	Non-Profit	\$7,815	9/20/2024
Grand View Health	PA	Non-Profit	\$254	St. Luke's University Health Network	Non-Profit	\$3,124	9/17/2024
Odessa Regional Medical Center / Scenic Mountain Medical Center (Steward)	TX	For Profit	\$197	Quorum Health	For Profit	\$998	9/12/2024
Mountain Vista Hospital / Tempe St. Lukes Hospital / Florence Hospital (Steward)	AZ	For Profit	\$326	HonorHealth	Non-Profit	\$2,903	9/12/2024
Fairfield Medical Center	OH	Non-Profit	\$325	OhioHealth	Non-Profit	\$5,703	9/6/2024
Holy Family Hospital (Steward)	MA	For Profit	\$287	Lawrence General Hospital	Non-Profit	\$335	8/29/2024
St. Anne's Hospital / Morton Hospital (Steward)	MA	For Profit	\$503	Lifespan	Non-Profit	\$3,010	8/29/2024
Good Samaritan Hospital (Steward)	MA	For Profit	\$321	Boston Medical Center	Non-Profit	\$5,708	8/29/2024
Regional Medical Center of San Jose (HCA)	CA	For Profit	\$377	Santa Clara Valley Healthcare	Non-Profit	\$3,863	8/22/2024
Houston Healthcare	GA	Non-Profit	\$325	Emory Healthcare	Non-Profit	\$5,332	8/22/2024
St. Luke's Hospital	NC	Non-Profit	\$50	AdventHealth	Non-Profit	\$16,584	8/19/2024
Steward Health Northern Florida (Steward)	FL	For Profit	\$434	Orlando Health	Non-Profit	\$5,727	8/14/2024
Roper Hospital (BSMH)	SC	Non-Profit	\$417	Medical University of South Carolina	Non-Profit	\$3,579	8/10/2024
Crozer Health (Prospect)	PA	For Profit	\$511	CHA Partners	For Profit	N.R.	8/8/2024
Brookwood Baptist Health-5 hospitals in AL (70% owned by Tenet)	AL	For Profit	\$846	Orlando Health	Non-Profit	\$5,727	8/5/2024
Henry County Medical Center	TN	Non-Profit	\$87	West Tennessee Healthcare	Non-Profit	\$1,021	8/2/2024
Wilkes-Barre General Hospital / Moses Taylor Hospital / Regional Hospital of Scranton (CHS)	PA	For Profit	\$629	WoodBridge Healthcare	Non-Profit	N.R.	7/30/2024
Ascension Illinois (9 Hospitals)	IL	Non-Profit	\$1,804	Prime Healthcare	For Profit	\$4,963	7/25/2024
Arizona General Hospital / 7 Freestanding ERs (MPT)	AZ	Non-Profit	\$216	CommonSpirit	Non-Profit	\$37,483	7/24/2024
Morrow County Hospital	OH	Non-Profit	\$27	OhioHealth	Non-Profit	\$5,703	7/24/2024
Glenwood Regional Medical Center (Steward)	LA	For Profit	\$192	AHS South	Non-Profit	\$396	7/21/2024
Wadley Regional Medical Center (Steward)	AR	For Profit	\$13	Pafford Health System	Non-Profit	N.R.	7/21/2024
Blount Memorial Hospital	TN	Non-Profit	\$361	Prisma Health	Non-Profit	\$6,018	7/18/2024
Marshfield Clinic Health System	WI/MI	Non-Profit	\$3,007	Sanford Health	Non-Profit	\$7,189	7/10/2024

# Announced Transactions: Q2 2024

Target/Seller	State	Seller Status	Revenue (\$MM)	Buyer	Buyer Status	Revenue (\$MM)	Announced
2024-Q2							
Devil's Lake Hospital (CommonSpirit)	ND	Non-Profit	\$28	Altru Health System	Non-Profit	\$580	6/28/2024
Ascension St. Vincent's Health System	AL	Non-Profit	\$862	UAB Health System	Non-Profit	\$2,759	6/25/2024
Cone Health	NC	Non-Profit	\$2,675	Kaiser Permanente / Risant Health	Non-Profit	\$100,847	6/24/2024
Scott County Community Hospital, Inc. (DBA Big South Fork Medical)	TN	For Profit	\$19	FOXO Technologies Inc.	For Profit	N.R.	6/14/2024
Jackson Hospital	AL	Non-Profit	\$323	HumanityCorp	For Profit	N.R.	6/6/2024
River Crest Hospital (UHS)	TX	For Profit	\$14	Shannon Health	Non-Profit	\$726	6/5/2024
Trinity Health Livingston	MI	Non-Profit	\$206	Catholic Healthcare International (CHI)	Non-Profit	N.R.	6/3/2024
Logan Memorial Hospital	KY	Non-Profit	\$22	Med Center Health	Non-Profit	\$588	5/29/2024
BayCare (50.4% owned by Trinity JOA)	FL	Non-Profit	\$5,877	BayCare	Non-Profit	\$5,877	5/24/2024
Santiam Hospitals and Clinics	OR	Non-Profit	\$96	Samaritan Health Services	Non-Profit	\$1,195	5/22/2024
Overlake Medical Center & Clinics	WA	Non-Profit	\$737	MultiCare Health System	Non-Profit	\$4,738	5/21/2024
Katherine Shaw Bethea Hospital	IL	Non-Profit	\$139	OSF HealthCare	Non-Profit	\$3,775	5/10/2024
St. Claire HealthCare	KY	Non-Profit	\$212	The University of Kentucky Health System	Non-Profit	\$3,930	4/29/2024
Tennova Healthcare – Cleveland (CHS)	TN	For Profit	\$173	Hamilton Health Care System, Inc.	Non-Profit	\$350	4/18/2024

# Announced Transactions: Q1 2024

Target/Seller	State	Seller Status	Revenue (\$MM)	Buyer	Buyer Status	Revenue (\$MM)	Announced
2024-Q1							
Weirton Medical Center	WV	Non-Profit	\$192	WVU Health System	Non-Profit	\$4,524	3/29/2024
Three Ascension Michigan Hospitals	MI	Non-Profit	\$360	MyMichigan Health	Non-Profit	\$1,240	3/26/2024
Nacogdoches Memorial Health System	TX	For Profit	\$76	Nacogdoches County Hospital District	For Profit	N/R	2/29/2024
Fulton County Hospital	AR	Non-Profit	\$11	Baxter Health	Non-Profit	\$286	2/29/2024
Central Coast-2 hospitals (Tenet)	CA	For Profit	\$307	Adventist Health-West	Non-Profit	\$4,765	2/29/2024
Nuvance Health	NY / CT	Non-Profit	\$2,631	Northwell Health	Non-Profit	\$16,699	2/28/2024
Evangelical Community Hospital	PA	Non-Profit	\$249	WellSpan Health	Non-Profit	\$3,698	2/26/2024
Via Christi Hospital (Ascension)	KS	Non-Profit	\$100	Mercy-MO	Non-Profit	\$7,987	2/15/2024
Helena Regional Medical Center (Quorum)	AR	For Profit	\$13	Progressive Health Systems	For Profit	N/R	2/12/2024
M Health Fairview University of Minnesota Medical Center	MN	Non-Profit	\$1,878	University of Minnesota	Non-Profit	N/R	2/9/2024
Pacific Coast Network-4 hospitals (Tenet)	CA	For Profit	\$1,000	UC Health-CA (UCI)	Non-Profit	\$19,270	2/1/2024
Saint Peter's Healthcare	NJ	Non-Profit	\$583	Atlantic Health	Non-Profit	\$3,660	1/31/2024
West Hills Hospital & Medical Center (HCA)	CA	For Profit	\$225	UC Health-CA (UCLA)	Non-Profit	\$19,270	1/26/2024
LaPorte Hospital	IN	Non-Profit	\$8	Franciscan Alliance	Non-Profit	\$3,216	1/24/2024

# Cain Brothers Health Systems Team

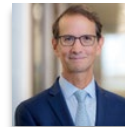
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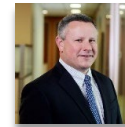
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