



# Cain Brothers Insights

## Hospital and Health System M&A

Q2 2025 Review

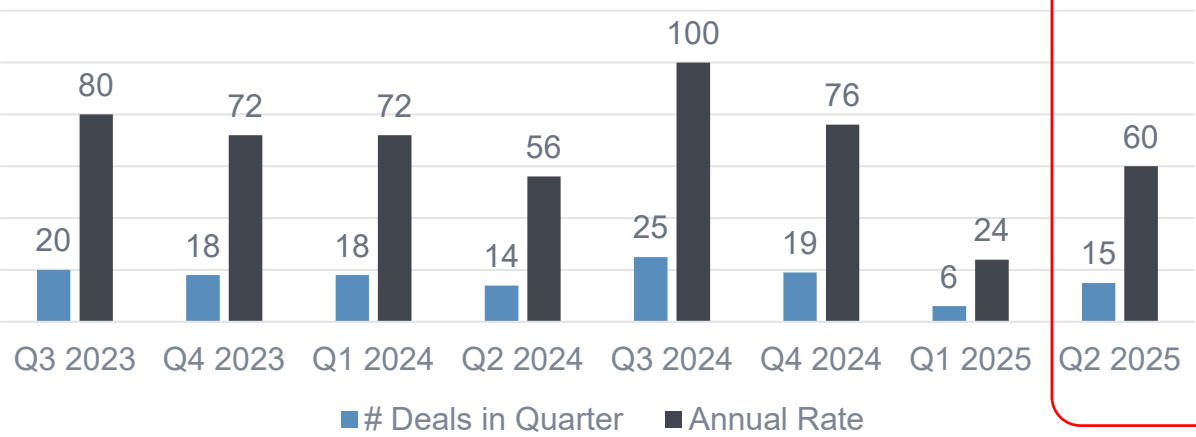
# Second Quarter 2025 Overview

Increase in M&A volume this quarter

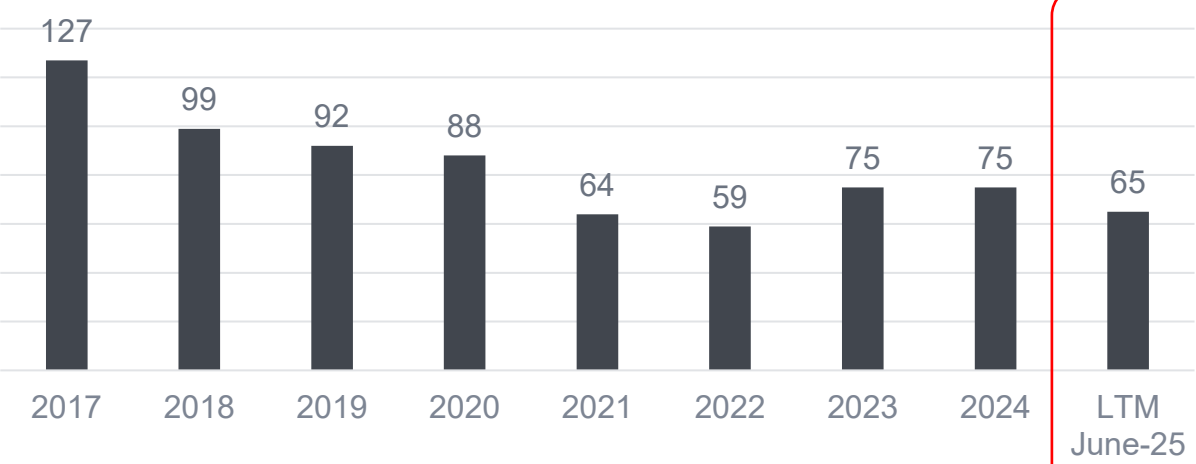
## Summary

- 15 M&A deals announced in the second quarter of 2025
  - Up 150% from the prior quarter and up 7% from Q2 2024
- 65 M&A deals announced in the LTM period ending June 2025
  - Lower than recent years but higher than historically low periods of 2021 and 2022
- M&A volumes in the first half of 2025 continue to trend with 2021 and 2022, years that experienced notable macroeconomic instability
- Themes observed:
  - Federal fiscal policy changes, including historic and large-scale Medicaid changes passed by Congress in early July, will result in significant revenue and cost pressures for health systems, providers and managed care organizations
  - The current legislation could slash Medicaid funding by more than \$1 trillion and result in the loss of health insurance benefits for nearly 12 million people
  - The uncertainty around Medicaid and NIH funding as well as the general health of the economy has reduced healthcare M&A activity in the first half of 2025
  - We expect this trend to reverse as executives gain clarity around the impact of these changes and forge a path forward in a new environment, leading to an increase in hospital and health system mergers, acquisitions and divestitures in the second half of 2025

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



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



# Second Quarter 2025 Overview

Aggregate revenues for M&A activity for the quarter much higher than the first quarter

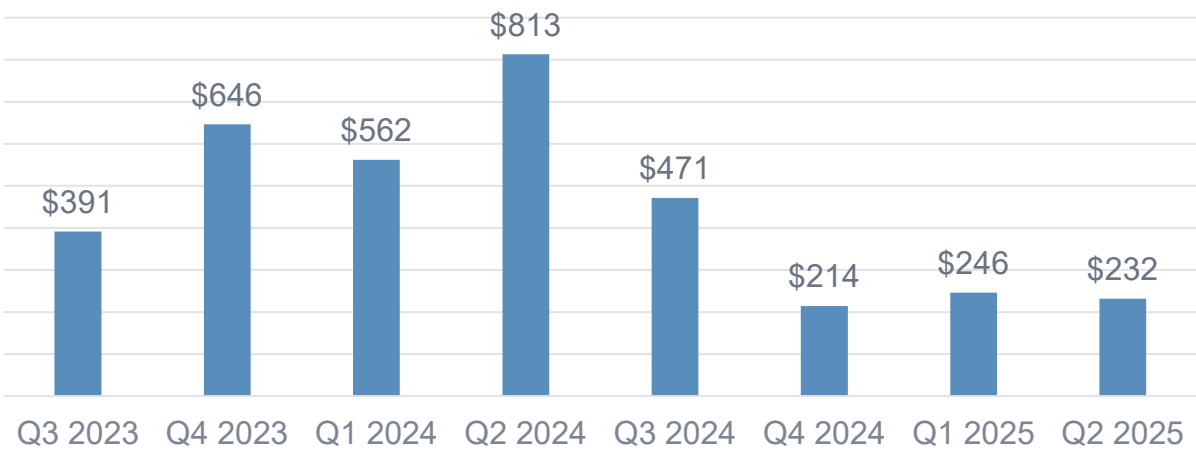
## Summary

- Aggregate revenue for the 15 announced M&A targets was of \$3.5 billion
  - Aggregate revenues were significantly up over the first quarter, primarily driven by Ascension's acquisition of AmSurg
- Average revenues for announced deals was \$232 million
- Primary catalysts include:
  - Economic uncertainty around Medicaid fiscal policy
  - Downstream impacts of NIH funding cuts
  - Portfolio rationalization of the larger national and regional health systems
  - Improving market relevance for the buyer
  - Desire for revenue and geographic diversification and economies of scale & capabilities
  - Decreasing EBITDA margins
  - Other regulatory changes including CON changes in some states
  - Construction costs per new bed have increased dramatically making the case for buy vs. build

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



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





## Ascension's M&A activity included AmSurg and two additional hospital portfolio moves

- Ascension announced the acquisition of ambulatory surgery management services company, AmSurg, for \$3.9 billion; a transformative move for the organization.
- AmSurg, one of the largest developer / operators of ambulatory surgery centers (ASCs) in the country, manages more than 250 ASCs across 34 states. AmSurg is currently partnered with 2,000 specialty surgical physicians.
- The transaction marks a significant play for Ascension, the second largest not-for-profit catholic health system, acknowledging the ongoing shift to outpatient care venues.
- The deal comes at a time of increased M&A activity for Ascension, in the midst of a financial turnaround. Ascension also announced two hospital deals this quarter, including:
  - The acquisition of an 80% ownership interest in Cedar Park Regional Medical Center from Community Health Systems (NYSE: CHS) for \$460 million, expanding Ascension's Texas presence (this follows a flurry of divestiture activity by CHS, which was discussed broadly on the Company's 2024 year-end earnings call), and;
  - The sale of its remaining four Michigan hospitals and 35 outpatient clinics to Indiana-based Beacon Health System. **Cain Brothers served as financial advisor to Beacon Health System.**
- These transactions follow a busy period of M&A for the health system, including the divestiture of eight Illinois hospitals to Prime Healthcare, sale of a majority interest in eight hospitals to Henry Ford Health, the sale of three hospitals to MyMichigan Health, and the sale of St. Vincent's Health System to UAB Health.
- As Ascension continues to rationalize its portfolio, focusing on a better expense profile, improved payor mix, and expanding margins, it is likely more M&A activity will continue. With the reorientation of Ascension's operating model and diversification of its operations, it will be interesting to see if other large health systems make similar strategic investments in the second half of 2025.



## Sharp and Tri-City Medical Center

- San Diego-based Sharp Healthcare announced in May its intent to acquire Tri-City Medical Center, a public district hospital in Oceanside, CA.
- After a tentative deal with Sharp fell through in 2023, the current deal proposes a capital investment by Sharp of approximately \$100 million. The capital infusion will help stabilize Tri-City's financial health, which had experienced significant challenges since the COVID-19 pandemic, causing the hospital to close its obstetrics and neonatal intensive care units.
- The capital commitment is also expected to bring the hospital into California seismic compliance, which many hospitals are required to meet by 2030.



## UnityPoint and MercyOne Siouxland Medical Center

- Two Iowa-based organizations, UnityPoint Health and MercyOne signed a letter of intent for UnityPoint to acquire Siouxland Medical Center from MercyOne, a subsidiary of Trinity Health.
- The deal signal's MercyOne's shift in focus to its hospital and physician platforms in the central and eastern portions of the state.
- The acquisition was announced in May and is expected to close this summer.



## ChristianaCare and Crozer

- Delaware-based ChristianaCare announced its intent to acquire five outpatient health clinics from embattled Crozer Health in Pennsylvania.
- The clinics, which include locations in and around southeastern Pennsylvania, will be used to complement ChristianCare's growing footprint which will include the opening of its West Grove, PA hospital this summer and Aston, PA hospital in 2026.
- The transaction comes as Crozer Health's parent company, Prospect Medical Holdings, filed for Chapter 11 bankruptcy protection in January. Crozer had previously closed its Crozer-Chester Medical Center and Taylor Hospital in Ridley, PA in May.
- The ChristianaCare transaction is expected to close later this year, subject to bankruptcy court approval
- **Cain Brothers served as exclusive financial advisor to ChristianaCare.**



# Announced Transactions: Q2 2025

Target/Seller	State	Seller Status	Revenue (\$MM)	Buyer	Buyer Status	Revenue (\$MM)	Announced
2025-Q2							
St. Joseph's Hospital (Hospital Sisters Health System)	WI	Non-Profit	\$5	Chippewa Valley Health Cooperative	Non-Profit	N.R.	6/30/2025
Progressive Health of Helena	AR	For Profit	\$11	Helena Health Foundation	Non-Profit	N.R.	6/30/2025
East Ohio Regional Hospital	OH	For Profit	N.R.	360 Healthcare	For Profit	N.R.	6/24/2025
AMSURG	TN	Non-Profit	\$1,500	Ascension Health	For Profit	\$28,274	6/17/2025
Clinton Memorial Hospital (ScionHealth)	OH	For Profit	\$102	TriHealth (CommonSpirit)	Non-Profit	\$37,483	6/16/2025
Merit Health Madison (CHS)	MS	For Profit	\$19	University of Mississippi Medical Center	Non-Profit	\$1,886	6/11/2025
Pender Community Hospital	NE	Non-Profit	\$35	Bryan Health	Non-Profit	\$1,269	6/9/2025
MercyOne Siouxland Medical Center (Trinity)	IA	Non-Profit	\$154	UnityPoint Health	Non-Profit	\$4,562	5/29/2025
Tri-City Medical Center	CA	Non-Profit	\$323	Sharp Healthcare	Non-Profit	\$4,800	5/29/2025
5 Outpatient Clinics (Prospect / Crozer)	PA	Non-Profit	\$511	ChristianaCare	Non-Profit	\$3,066	5/28/2025
OCH Regional Medical Center	MS	Non-Profit	\$71	Baptist Memorial Health Care	Non-Profit	\$3,954	5/8/2025
Arkansas Methodist Medical Center	AR	Non-Profit	\$72	Baptist Memorial Health Care	Non-Profit	\$3,954	4/22/2025
Cedar Park Regional Medical Center (CHS)	TX	For Profit	\$183	Ascension Health	Non-Profit	\$28,274	4/15/2025
Ascension SW Michigan (4 Hospitals)	MI	Non-Profit	\$473	Beacon Health System	Non-Profit	\$1,231	4/8/2025
Magee General Hospital	MS	Non-Profit	\$16	South Central Regional Medical Center	Non-Profit	\$211	4/1/2025

# 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

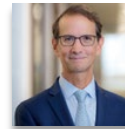
Investment bankers specializing in hospital and health system M&A and financing



**David Morlock**  
*Managing Director*  
*Practice Lead, Health Systems*  
(312) 604-0575  
[dmorlock@cainbrothers.com](mailto:dmorlock@cainbrothers.com)



**Jim Moloney**  
*Managing Director*  
(415) 962-2961  
[jmoloney@cainbrothers.com](mailto:jmoloney@cainbrothers.com)



**David Cohen**  
*Managing Director*  
(917) 544-5414  
[dcohen@cainbrothers.com](mailto:dcohen@cainbrothers.com)



**Michael Tierney**  
*Managing Director*  
(312) 360-3875  
[mtierney@cainbrothers.com](mailto:mtierney@cainbrothers.com)



**Andy Labovitz**  
*Director*  
(212) 981-6940  
[alabovitz@cainbrothers.com](mailto:alabovitz@cainbrothers.com)



**Dan Gold**  
*Director*  
(312) 730-2722  
[dgold@cainbrothers.com](mailto:dgold@cainbrothers.com)



**Will Brewster**  
*Director*  
(770) 212-4738  
[wbrewster@cainbrothers.com](mailto:wbrewster@cainbrothers.com)



**Casey Wade**  
*Vice President*  
(415) 962-2930  
[cwade@cainbrothers.com](mailto:cwade@cainbrothers.com)



**Nick Davis**  
*Vice President*  
(312) 730-2712  
[ndavis@cainbrothers.com](mailto:ndavis@cainbrothers.com)



**Dan Gorulko**  
*Associate*  
(212) 297-2758  
[dgorulko@cainbrothers.com](mailto:dgorulko@cainbrothers.com)

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