KPMG

M&A trends in healthcare

H1 2026

Healthcare M&A: Fewer deals, sharper priorities

Issue date: September 8, 2026

kpmg.com

Selective capital, sharper healthcare bets

Healthcare merger and acquisition (M&A) activity in the first half of 2026 (H1'26) reflected a market that remained active yet increasingly selective. While aggregate deal volume and value declined relative to recent periods, strategic buyers continued to pursue transactions to strengthen care delivery capabilities, expand market access, and enhance scale. Healthcare organizations focused on acquiring capabilities to improve operational performance, expand access, and strengthen long-term financial sustainability rather than purely pursuing consolidation While that was happening, technology-enabled care delivery, network expansion, and operational efficiency were emerging as recurring investment themes.

Healthcare dealmaking in H1'26 reflected a clear split between volume and conviction. Overall activity declined relative to both the first half of 2025 (H1'25) and second half of 2025 (H2'25), while deal value declined more sharply than deal volume, indicating a market with fewer large-scale transactions and with some of the largest deals taking the form of mergers or other partnerships without a specified value. Total healthcare deal volume declined by 12.6 percent year-over-year (YoY) and 13.6 percent versus H2'25, while total disclosed deal value declined by 79.2 percent YoY and 68.9 percent versus H2'25.

Strategic buyers continued to dominate, accounting for 67.0 percent of deal volume, while private equity (PE) activity remained somewhat restrained. Strategic deal volume declined only 11.6 percent versus H1'25 and 12.1 percent versus H2'25, while PE volume declined 17.5 percent versus H1'25 and 18.0 percent versus H2'25. PE buyers remained active but increasingly concentrated their efforts on specific subsectors and niche assets that fit predefined investment priorities.

Three deal theses mattered most. First, strategic capability acquisition replaced broad consolidation. Healthcare organizations focused on acquiring capabilities to expand care access, strengthen service offerings, enhance technology-enabled delivery, deepen specialization, and improve financial sustainability, rather than pursuing scale alone.

> "Healthcare organizations remain willing to invest, but the focus has shifted from size to strategic fit. Buyers are pursuing capabilities that create synergies, drive efficiency, and improve long-term performance rather than growth for growth's sake."
>
> —Ross Nelson, M.D.
> *Principal, Healthcare Deal Advisory & Strategy Leader, KPMG LLP*

Second, strategic buyers carried the market. Corporate acquirers remained the primary drivers of deal activity as PE remained selective, with buyers prioritizing assets that supported long-term strategic objectives.

Third, organizations increasingly used partnerships and combinations to support growth objectives. Across the sector, healthcare organizations pursued acquisitions, strategic combinations, and partnership opportunities to expand capabilities and enhance market positioning. This reflects a broader approach to growth than traditional acquisition-led expansion alone.

Market indicators reinforce the same story. These pointed to continued focus on affordability, operational efficiency, technology-enabled care delivery, and strategic positioning across the healthcare sector in H1'26 as organizations sought to strengthen capabilities and improve service delivery.

H1 2026 highlights

361
deals

⇩ -13.6%
decrease in number of deals vs H2'25

$8.6
deal value (in $US billions)

⇩ -68.9%
decrease in deal value vs H2'25

H1 2026 vs H1 2025

361
deals

⇩ -12.6%
decrease in number of deals YoY

$8.6
deal value (in $US billions)

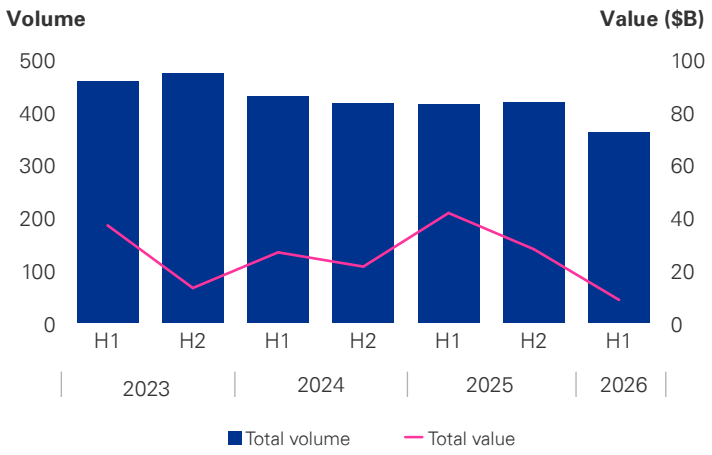
⇩ -79.2%
decrease in deal value YoY

Overall healthcare: Fewer deals, sharper judgment

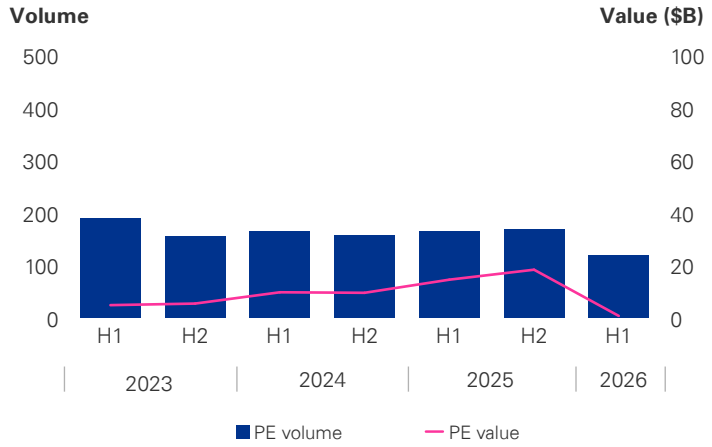
Healthcare deal activity moderated in H1'26, with transaction volume declining to 361 deals and total disclosed value falling to $8.6 billion. It should be noted that this YoY difference is largely driven by the presence of "mega deals" in 2024 and 2025 compared to 2026. While deal activity softened, the data suggests a market characterized more by selectivity than inactivity, and by strategic partnerships rather than outright acquisitions. Buyers remained engaged but focused on assets with clear strategic rationale and measurable value creation potential.

Strategic acquirers remained the dominant force in the market, accounting for 242 transactions and approximately $8.0 billion in disclosed deal value. PE activity declined materially, reflecting continued valuation discipline, and extended hold periods across healthcare portfolios.

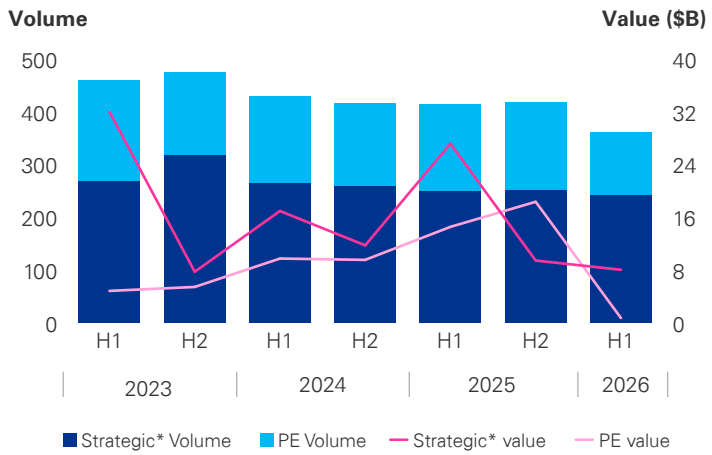
Healthcare deal activity by year



Healthcare PE deal volume and value

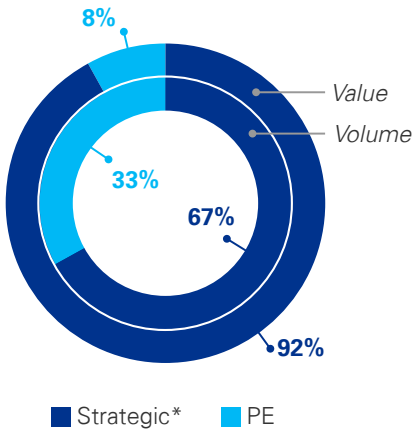


Healthcare deal activity by type



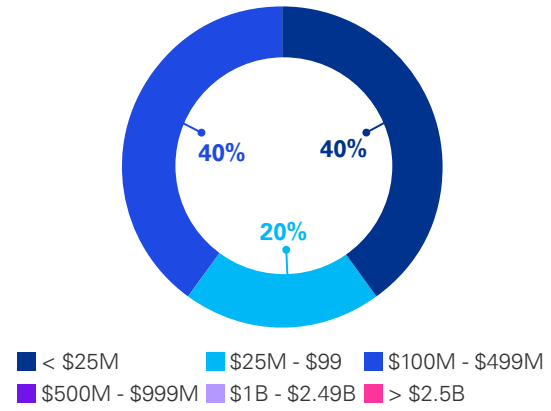
*Data also contains figures for SPAC deals.

Healthcare strategic/PE mix - H1'26



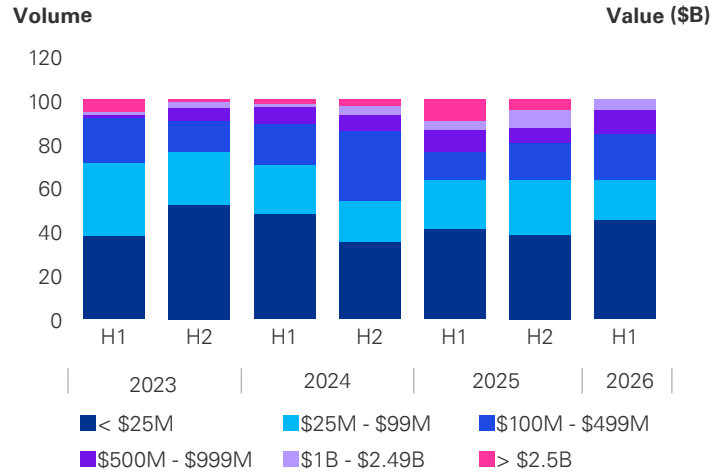
Values may not add to 100% due to rounding.
*Data also contains figures for SPAC deals.

Healthcare PE deal size mix - H1'26



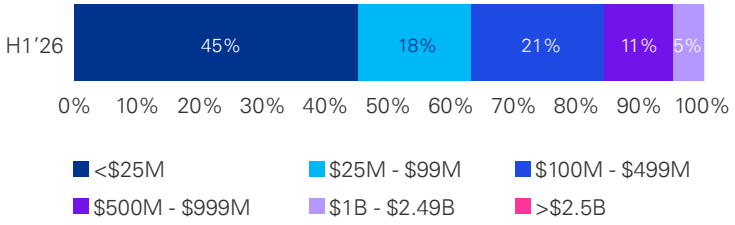
Values may not add to 100% due to rounding. Deal value split in the chart has been presented only basis deals wherein deal values were available

Healthcare total deal size mix - H1'26

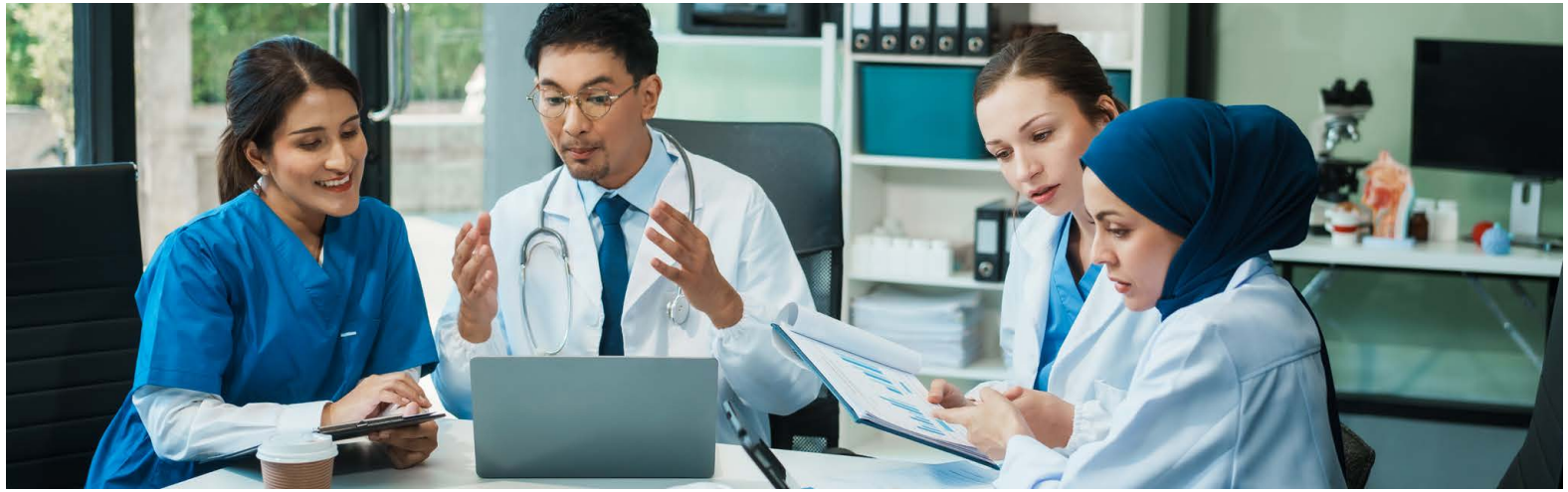


Values may not add to 100% due to rounding. Deal value split in the chart has been presented only basis deals wherein deal values were available

Healthcare total deal size mix - H1'26



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



Sector Data

Health systems: Expanding access through strategic network combinations

The health systems subsector saw increased deal activity alongside a decline in disclosed deal value during H1'26. Deal volume increased by 60.0 percent versus H2'25 and 23.1 percent YoY, while deals with a disclosed value declined sharply, with disclosed deal value falling 91.4 percent versus H2'25 and 49.1 percent YoY. Notably, activity was driven less by large-scale system combinations and more by portfolio repositioning, physician alignment, ambulatory expansion, and other targeted capability investments. Financial pressure also remained an important catalyst, with some health systems considering partnerships, combinations, and targeted acquisitions to preserve access to care, improve operating performance, support long-term sustainability, and address capital needs.

The deal rationale remained consistent throughout the period. The Allina Health/Sutter Health[1] agreement and the planned strategic combination between Atrium Health and WakeMed[2] are both aimed at expanding care access, adding ambulatory and specialty capacity, strengthening physician recruitment, and enhancing community-based care infrastructure.

Huntsville Hospital Health System's acquisition of Crestwood Medical Center from CHS[3] similarly reflected continued portfolio rationalization, with CHS streamlining its portfolio and Huntsville Hospital expanding local care access and improving coordination across healthcare resources. In a unique transaction, a newly formed nonprofit, QKA Health Corporation d/b/a Healthside Partners, announced it would acquire Quorum Health, converting the 11-hospital health system into a nonprofit, with the objective of ensuring its financial sustainability and expanding and preserving access to care in the predominantly rural communities that it serves.[4]

Implication: For health systems, the market is rewarding practical network expansion rather than theoretical scale. Successful investment theses must clearly demonstrate how transactions will enhance capacity, strengthen referral alignment, improve physician coverage, accelerate outpatient migration, and support service-line economics.

Decision lens for dealmakers:

Over the next 90 to 180 days, we expect health systems to prioritize partnerships and acquisitions where access expansion can be directly linked to specific service offerings, geographies, and physician alignment needs. One of the most common value-destruction risks remains underestimating integration complexity across clinical operations, information technology (IT) systems, revenue-cycle functions, and governance structures. The immediate priority is evaluating the operating model before signing by assessing first-year integration requirements, physician retention needs, and measurable access-expansion milestones.

[1] Dave Muoio, "Allina Health to join Sutter Health in $26B proposed transaction", Fierce Healthcare, March 17, 2026
[2] "WakeMed and Atrium Health announce planned strategic combination to expand access to world class care", WakeMed, May 6, 2026
[3] Dave Muoio, "Community Health Systems closes $459M hospital sale to Huntsville Hospital Health System", Fierce Healthcare, April 1, 2026
[4] Quorum Health Enters Agreement to Become Nonprofit, Strengthening Commitment to Community Health," quorumhealth.com, May 21, 2026

Healthcare IT/digital health: Technology remains a strategic priority

Healthcare IT and digital health remained the largest healthcare M&A segment based on disclosed deal value in H1'26, generating $5.0 billion across 121 transactions. The subsector remained strategically important even as activity softened. Deal volume declined by 6.9 percent versus H2'25 and 9.0 percent YoY, while value declined by 63.4 percent versus H2'25 and 64.8 percent versus H1'25.

Buyers prioritized enterprise imaging, virtual care, workflow efficiency, interoperability, clinical and administrative productivity enabled by artificial intelligence (AI), and cloud-enabled operating models. Interest also remained strong in revenue-cycle management, payer enablement, and health information platforms as organizations sought greater operational efficiency and data connectivity. GE HealthCare's $2.3 billion acquisition of Intelerad,[5] the largest healthcare deal in H1'26, expanded its enterprise imaging platform through cloud-enabled software and AI-enabled imaging capabilities, strengthening interoperability and supporting more connected care delivery across healthcare settings. Universal Health Services' agreement to acquire Talkspace[6] for $835 million is aimed at expanding access to outpatient and virtual mental healthcare services amid growing demand for behavioral health support.

The distinction matters. Some acquisitions are platform expansion deals, where buyers add software architecture, data capabilities, or market reach. Others are operating enhancement deals, where the objective is to improve workflow efficiency, reduce costs, expand access, or enhance administrative productivity.

Implication: Healthcare technology buyers should not simply ask whether an asset is AI-enabled or cloud-based. They should assess whether it can improve clinical throughput, strengthen revenue-cycle performance, expand patient access, enhance data liquidity, or reduce administrative costs.

Decision lens for dealmakers:

Over the next 90 to 180 days, we expect firms to focus on assets that are embedded within healthcare workflows and demonstrate evidence of adoption, interoperability, and measurable operational impact. A key execution risk is mistaking software functionality for enterprise readiness. The immediate priority is to evaluate implementation complexity, data architecture, integration costs, cybersecurity posture, and customer retention by use case.

[5] "GE HealthCare completes Intelerad acquisition - accelerating shift to cloud-first enterprise solutions to deliver precision care", GE HealthCare, March 18, 2026
[6] Padmanabhan Ananthan, "Universal Health strikes $835 million Talkspace deal in mental health push," Reuters, March 9, 2026

Payers: Operational capabilities drive selective activity

Payers deal activity was muted from a disclosed-value perspective and declined sharply by volume. Deal volume fell by 67.3 percent versus H2'25 and 22.[7] percent YoY. The transactions that did occur were focused more on operational scale and service capabilities rather than on large-scale strategic repositioning. Abarca Health and LucyRx7 announced a combination to create an independent pharmacy benefit manager with the scale, technology, and capabilities to serve commercial and government clients. Group Benefit Services acquired Integrity Administrators[8] to combine administrative expertise, infrastructure, and member-support capabilities for self-funded health plans. Hawaii Medical Service Association (HMSA), the Blue Cross Blue Shield plan for the state of Hawaii, and Hawaii Pacific Health announced the intention to partner to form a vertically integrated health system under a new nonprofit parent organization, with the goal of increasing coordination and sustainability.[9]

Payers remained focused on affordability, service quality, member experience, pharmacy benefit capabilities, plan administration, value-based care enablement, and the operating infrastructure required to support employer, health plan, and government program clients. The absence of significant disclosed-value activity should not be interpreted as a lack of strategic need. As earnings stabilize and balance sheets strengthen, payer deal activity increasingly reflects a balance between portfolio rationalization and targeted capability acquisition. At the same time, announced transactions such as Cigna's planned divestiture of EviCore suggest that payers continue to reassess which capabilities are most strategic to own versus partner for, reinforcing the ongoing role of portfolio rationalization. Together, these trends suggest that buyers are proceeding cautiously in areas where reimbursement pressures, regulatory scrutiny, and integration complexity can quickly erode the deal thesis.

Implication: Payer M&A is likely to remain capability-led until buyers gain greater confidence in the regulatory and reimbursement environment.

Decision lens for dealmakers:

Over the next 90 to 180 days, we expect firms to evaluate targets through the lens of member impact, claims and administrative efficiency, pharmacy benefit manager (PBM) capabilities, regulatory exposure, and integration feasibility. A key execution risk is underestimating the complexity of data, platform, and compliance integration across benefit administration and member-service operations. The immediate priority is to develop a regulatory and operating-risk heat map before determining asset valuation and transaction economics.

[7] "Abarca Health and LucyRx announce strategic combination to create the only modern PBM built for commercial and government scale", PR Newswire, June 17, 2026
[8] "Group Benefit Services acquires Integrity Administrators: delivering client savings and service excellence", Group Benefit Services, Inc., June 13, 2026
[9] "HMSA, Hawaii Pacific Health to affiliate under new parent nonprofit," Becker's Payer Issues, January 8, 2026

Healthcare services: Specialization over broad consolidation

Healthcare services remained the largest subsector by deal volume, although activity softened during H1'26. Deal volume declined by 11.6 percent versus H2'25 and 17.7 percent versus H1'25. Disclosed deal value remained broadly stable versus H2'25, declining by 3.8 percent, but fell by 86.7 percent versus H1'25.

The defining theme in H1'26 was targeted specialization supported by continued portfolio optimization and disciplined capital allocation. Cencora's agreement to acquire EyeSouth Partners' retina business[10] for $1.1 billion through Retina Consultants of America reflects continued vertical expansion and deeper specialization in retina care. National Health Investors' decision to sell skilled nursing and independent living facilities to National HealthCare Corporation[11] for $560 million reflects portfolio repositioning and a strategic shift toward greater exposure to private-pay senior housing.

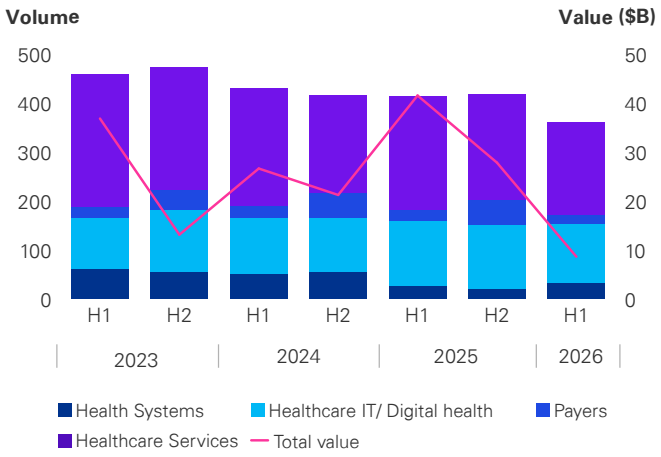
Implication: In healthcare services, quality is no longer a generic scale story. As distributors and other strategic buyers consolidate scaled assets, investor attention is increasingly shifting toward a long tail of smaller, specialized assets in areas such as ancillary services, home health, behavioral health, fertility, and dental care. Across both segments, quality is increasingly defined by differentiated clinical capabilities, durable referral networks, attractive growth prospects, workforce stability, compliance discipline, and operational excellence.

Decision lens for dealmakers:

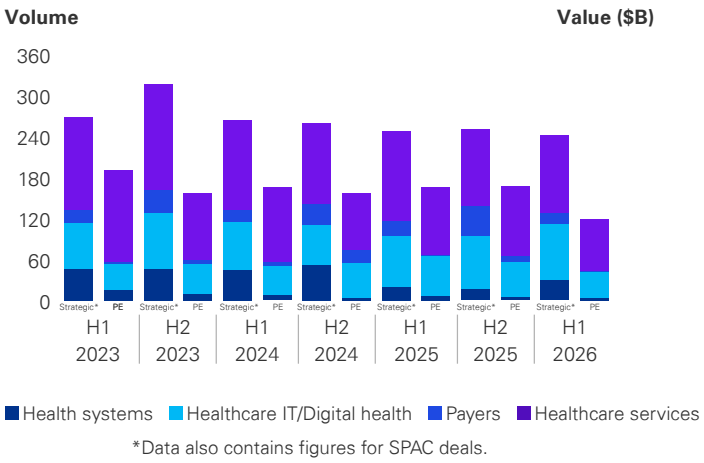
Over the next 90 to 180 days, we see firms prioritizing businesses where scale enhances access, utilization, and operational discipline rather than simply increasing market share. A key execution risk is assuming that a fragmented services business can be integrated more quickly than its clinical workforce, payers contracts, and local referral networks allow. The immediate priority is to perform diligence on the local-market operating model, not just the consolidated financial statements.

[10] "Cencora to expand Retina Consultants of America through acquisition of EyeSouth Partners' Retina Business", Business Wire, March 23, 2026
[11] "NHI announces sale of NHC portfolio for $560 million", National Health Investors Inc., April 21, 2026

Healthcare deals by subsector

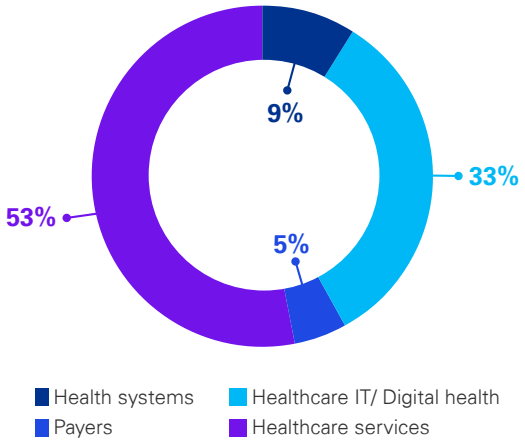


Strategic* and PE deal volume by subsector



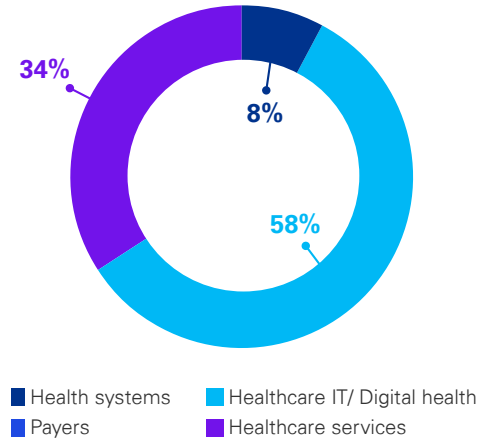
*Data also contains figures for SPAC deals.

Healthcare sector mix (volume) - H1'26

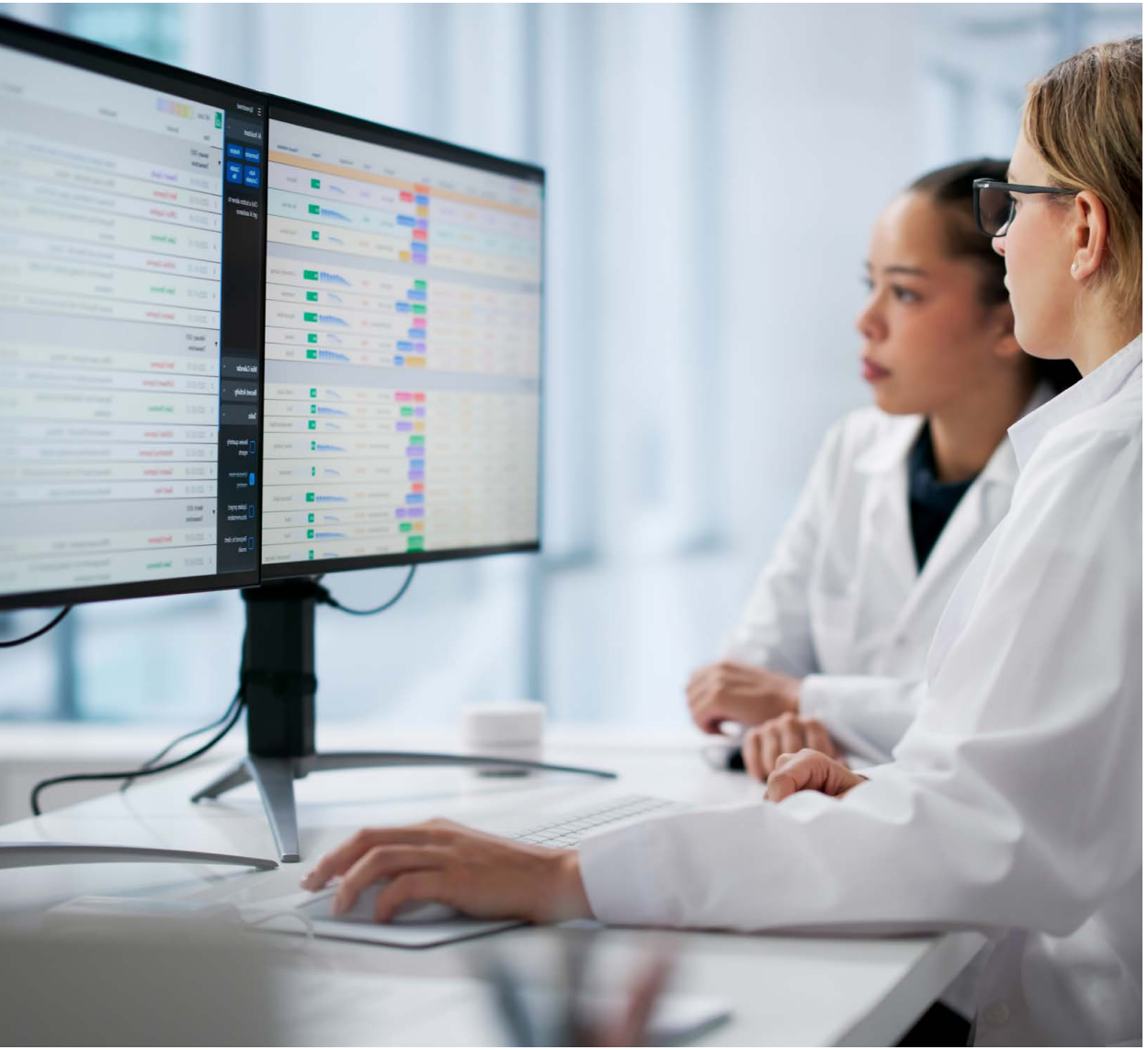


Values may not add to 100% due to rounding.

Healthcare sector mix (value) - H1'26



Values may not add to 100% due to rounding.



Top deals

Acquirer: **GE HealthCare Technologies Inc.** Target: **Intelerad Medical Systems Inc.**	Value (billions) **$2.3**
Acquirer: **Cencora, parent company of Retina Consultants of America** Target: **Retina business of EyeSouth Partners**	Value (billions) **$1.1**
Acquirer: **Universal Health Services, Inc.** Target: **Talkspace, Inc.**	Value (billions) **$0.84**
Acquirer: **Inventurus Knowledge Solutions, Inc.** Target: **TruBridge, Inc.**	Value (billions) **$0.57**
Acquirer: **NHC/OP LP** Target: **National Health Investors Inc.–Skilled Nursing Facilities Portfolio and Independent Living Facilities Portfolio**	Value (billions) **$0.56**

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

Disciplined expansion

Healthcare M&A is expected to remain active in H2'26, supported by ongoing consolidation, AI integration, outpatient expansion, and continued demand for technology-enabled healthcare capabilities. Recent transaction activity suggests buyers remain focused on assets that provide differentiated capabilities, expanded geographic reach, and technology-enabled care delivery models.[12] [13] [14] While AI remains a major area of strategic interest, many acquirers continue to take a watchful and waiting approach as healthcare AI applications mature and demonstrate measurable adoption and value.

Transaction activity in H1'26 was concentrated across physician practice management, ambulatory services, hospitals, managed care, digital health, and healthcare technology. Acquirers have continued to pursue transactions that expand care delivery capabilities, strengthen market presence, and add operational or technology capabilities that support service delivery.[12] [13]

Regulatory scrutiny, reimbursement pressures, and operating challenges are expected to remain important considerations for dealmakers. At the same time, healthcare organizations continue to evaluate opportunities to expand complementary services, improve operational capabilities, and strengthen their positions within targeted areas of the healthcare ecosystem.[12] [14]

Strategic buyers are likely to remain more active than sponsors, particularly where acquisitions support service-line priorities, infrastructure modernization, or care-delivery expansion. Sponsors will continue to pursue quality assets, but financing discipline and exit timing considerations are expected to keep them focused on cleaner businesses, smaller tuck-in acquisitions, and assets with defensible cash flows.

Extended holding periods may also encourage more creative transaction structures, including combinations and other alternatives to traditional sponsor-to-sponsor exits.

[12] "Healthcare trends & transactions Q1 2026", Bass, Berry & Sims, April 23, 2026
[13] "Healthcare trends & transactions Q2 2026", Bass, Berry & Sims, July 23, 2026
[14] Shelby Burghardt, "Health care M&A outlook: Uncertainty lingers as consolidation pressures rise", Healthcare Business Today, January 30, 2026

Health systems: Outpatient is the new battleground

Health system activity is expected to continue around regional combinations, ambulatory expansion, specialty capacity, behavioral health, and physician alignment. The most successful organizations will focus on transactions that improve access, strengthen care coordination, create usable network capacity, and strengthen long-term financial performance, rather than simply increasing geographic footprint.

Healthcare IT/digital health: AI moves to the forefront

Demand for imaging software, virtual care, workflow automation, interoperability, analytics, and AI-enabled solutions is expected to remain strong. Buyers will increasingly prioritize technologies with measurable adoption, embedded workflows, and the ability to improve productivity, patient engagement, and connected care delivery.

Payers: Capability expansion with discipline

Payers are expected to remain focused on targeted acquisitions that enhance pharmacy benefit capabilities, plan administration, care management, population health, and member services. Portfolio optimization, operational efficiency, and value-based care enablement are likely to remain key themes as organizations balance growth objectives against reimbursement and regulatory pressures.

Healthcare services: Scale through specialization

Healthcare services is expected to remain the most active segment as consolidation continues across fragmented provider markets. Activity will likely focus on physician services, specialty care, behavioral health, home health, and other targeted service areas where clinical differentiation, referral relationships, workforce stability, and operational scalability support long-term value creation.

Key considerations as we look ahead

01

Underwrite the operating model

Do not acquire access, software, or scale without clearly demonstrating how value will be created postclose. In health systems and healthcare services, this means evaluating physician alignment, workforce capacity, referral durability, and service-line economics. In healthcare IT and payers, it means assessing data integration, workflow adoption, regulatory compliance, and measurable operational impact.

02

Plan integration before signing

Value creation increasingly depends on execution capability rather than transaction size. Develop integration plans early, identify critical operational dependencies, and establish clear accountability for delivering synergies and operational improvements.

03

Strengthen reimbursement diligence

Reimbursement exposure remains a critical diligence priority across provider, services, and payer assets. Evaluate reimbursement concentration, policy sensitivity, payer mix, and earnings sustainability early to understand downside risks and protect investment returns.

04

Treat AI as diligence, not decoration

AI-enabled capabilities will continue to attract buyer interest, but technology claims should be validated through governance frameworks, workflow adoption, data rights, regulatory readiness, and measurable productivity outcomes. Buyers should prioritize proven implementation over innovation narratives.

05

Structure for the market you have

As buyers remain selective and valuation expectations continue to adjust, dealmakers should remain open to earnouts, staged investments, minority stakes, partnerships, carve-outs, and other transaction structures that help bridge valuation gaps while appropriately allocating risk between parties.

How KPMG can help

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

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

Our team

Experience wins the deal.

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

Ross Nelson
Principal, Healthcare Deal Advisory & Strategy Leader, KPMG US

Michael P Buchanio
Advisory Managing Director, Performance Transformation, KPMG US

Andrew M Sadowski
Advisory Managing Director, Financial Due Diligence, KPMG US

Adam McDonald
Director, Deal Advisory and Strategy, Healthcare & Life Sciences, KPMG LLP

With special thanks to:
Varun Angirish, Anjelica Armendariz, Muskan Maheshwari, Prakriti Pushp, Basu Raj, Tanjot Saluja, and John Thomas and Sohini Roy.