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The post-acute care sector continues to be one of the hottest places for deals, the February list of transactions involving health-care providers shows.

The proportion of transactions involving post-acute care isn't surprising and, in fact, is consistent with a start-of-the-year forecast made by attorneys and financial experts who advise industry players, Paul A. Gomez, of Epstein, Becker & Green PC, Los Angeles, told Bloomberg BNA (25 HLR 79, 1/21/16).

This represents a change from the past few years, Greg Wappett, a director with Provident Healthcare Partners LLC, Boston, told Bloomberg BNA. As reimbursements from government and private payers slowed, so did growth in the post-acute care market. Not anymore, however—an uptick in reimbursements and deals is the ''new norm,'' he said.

The latest list bears this out, demonstrating a resurgence of interest in the field. Nearly one in four of the transactions in the February list involves post-acute care, Wappett said.

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> —Greg Wappett, Provident Healthcare Partners LLC, Boston

Demographics are in part spurring movement in the market for appropriate home health care, hospice care, skilled nursing facilities, long-term care facilities and the like, he said. As the U.S. population grows older, more people are in need of medical treatment.

Growing need is putting greater financial stress on providers, Gomez said. To help manage that stress, providers are trying to move patients out of in-patient settings and into ostensibly lower-cost, less-acute settings like nursing homes and rehabilitation facilities.

Growth in this sector also is driven by important changes in payment methodologies and an increased focus on population health management, as well as an emphasis on what the Institute for Healthcare Improvement calls the ''Triple Aim'' of health-care: improving patient care, improving population health and lowering the per capita cost of care, Gomez said.

Payment Changes. The ongoing replacement of treatment-based payments with value-based payments—that is, payments based on the quality of the care, the outcome and patient satisfaction—is another driver of growth in the post-acute care sector, Gomez said.

The Centers for Medicare & Medicaid Services has reached its goal of tying 30 percent of Medicare payments to value, and it intends to tie 50 percent of Medicare payments to value by 2018, he said.

Gomez also noted an increased emphasis on bundled payments. Providers now are looking to control quality, and costs, over ''episodes of care,'' he said. For example, a patient requiring hip or knee replacement surgery begins with a doctor's visit, then surgery at either a hospital or less-expensive ambulatory surgical center, a possible in-patient hospital stay, a possible stay at a rehabilitation facility, then follow-up therapy.

Providers and health-care systems are acquiring or closely affiliating with post-acute care providers in order to improve their ability to control quality and costs over this continuum of care, which likely helps put them in a better position to accept bundled payments. It may also lead to more instances in which health systems can provide patients with comprehensive bills covering the complete cost of their care.

Private Equity Involvement. While many of these deals are strategic—that is, the acquiring entity operates the same type of business as the acquired entity—the list demonstrates that private equity investors increasingly are wading in to this sector, Gomez and Wappett said.

Wappett told Bloomberg BNA the private equity interest in the health-care industry is a positive sign. Although interest rates overall may be on the rise, ''the lending environment is still good'' for health-care industry investors, meaning they still are able to acquire loans. That, in turn, allows them aggressively to pursue targets in this sector and outbid other potential acquirers, he said.

The disappearance of private equity investors from this market would ''cause concern,'' Wappett said.

Short-Term Outlook Good. A significant amount of activity across different health-care sectors demonstrates the variety of deals being proposed and consummated, Gomez said. That ''bodes well for the short-term outlook,'' Wappett said.

On a macroeconomic level, Wappett said, concerns may arise toward the end of 2016 and start of 2017, as

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the market reacts to the political climate, and the presidential election raises issues about the future of the Affordable Care Act.

Right now, though, there are ''great opportunities for sellers,'' he said, adding that there doesn't appear to be any danger of downsizing, at least in the health-care industry.

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The list of select transactions involving health-care providers, managed care and services companies for February 2016 was compiled by health-care investment bankers using publicly available information, including articles, websites and press releases. The list is at http://src.bna.com/dnz.

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Epstein, Becker & Green PC did not comment on any particular transaction or party discussed or listed in this article.