

# Healthcare Services Private Equity

Q1 2024

## Market Update

**General:** Healthcare services PE activity in Q1 2024 presented a fresh dose of optimism after a lackluster 2023. Q1 2024 healthcare services transaction activity illustrated broader confidence compared to Q1 2023, when deal activity showed signs of softening. For reference, in Q1 2023, there were approximately 210 healthcare services PE deals, whereas in Q1 2024 there were an estimated 250+. Macroeconomic fears, namely higher rates and inflation, subsided in Q1 2024 as investors expect conditions to become more favorable the rest of the year, and particularly better than 2023. However, investors are also coming to the realization that interest rates in the U.S. will remain above 5% and might not see rate cuts by this summer as the Fed continues to fight sticky inflation. Despite these challenges and realizations, many investors expect to increase their transaction volume as funds still have elevated amounts of capital that must be deployed and return capital to LPs. Macroeconomic conditions are only one wrinkle in the dealmaking environment right now though, as antitrust enforcement, state review challenges, and general healthcare M&A scrutiny from the current administration are taking center stage in state and federal courts.

**Softening Valuations:** In the face of the macroeconomic and government friction, valuations have also softened compared to the highs seen in 2021, but many investors have taken the attitude that this is more of a reset back to historical valuations prior to the COVID-19 pandemic. The sectors that have seen the biggest retreats are behavioral health, home health, and value-based care assets. High-quality assets are still demanding premium multiples, as the market is experiencing a supply and demand imbalance for A+ assets.

**Exit Activity:** PE exits also hit a historic low in 2023 but have caused a backlog in platforms exits for 2024 and 2025. The traditional LMM exit playbook comprises passing platforms upmarket to larger PE firms, however there is a concern that the number of mature platforms in need of an exit likely exceed the number of logical buyers, especially if these upmarket buyers intend to use leverage to finance the transaction.

## Select Transactions

Month	Investor	Target	Deal Description
March	 WINDROSE HEALTH INVESTORS	 CardioOne	WindRose partnered with CardioOne's executive team to acquire the business and provide up to \$100 million of additional capital to support the Company's ongoing growth. With WindRose's investment, CardioOne will accelerate its next phase of expansion and enhance its existing service offerings. CardioOne provides physicians with an integrated technology platform, a practice optimization program, and other workforce solutions.
February	 AVESI PARTNERS	 Visante Transforming Healthcare through Pharmacy™	Visante is a provider of specialized tech-enabled consulting and advanced partnership services focused on helping health systems accelerate financial and operational performance through their pharmacy offerings. Visante currently partners with over 130 health systems across 45 states. The partnership and influx of capital will allow Visante to expand its solutions for customers and bolster business development capabilities to acquire new clients.
January	 WHISTLER CAPITAL PARTNERS	 heart+paw	Heart + Paw, a multi-service pet care company, partnered with Whistler Capital Partners, a Nashville-based PE fund. Heart + Paw was founded in 2018 as a differentiated pet care platform offering digital enablement to better serve pets, pet parents, and veterinarians across its 28 locations in 10 states. Heart + Paw's practices are backed by a centralized support center that offers veterinarians marketing, accounting, HR, recruiting, and IT workstream solutions. The partnership is expected to expand Heart + Paw's operations outside of its core market, and become a nationally-recognized animal health platform.

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### Media Citations and Podcasts

#### Media

[Has Private Equity Reached a Plateau in Healthcare M&A Activity?](#)

#### Podcast

[It's Not Just a Private Equity Game – Traditional Health Systems Are Consolidating, Too](#)