INTELLIGENCE THAT WORKS

2025 US Healthcare & Life Sciences Transactions Outlook

The evolving transactions landscape in the health sector

Contents

Healthcare and life sciences transaction activity in the United States is expected to rebound in 2025, driven by efforts to enhance technological capabilities, tackle labor and operational challenges, and capitalize on new opportunities brought on by stabilizing interest rates.

However, regulatory uncertainty caused by the new administration and U.S. Congress, increasing financial pressures, and strategic misalignment could temper industry momentum.

Executive Summary

Industry executives and thought leaders BRG spoke to universally expect to see a rebound in sector deal activity following a couple of years of sluggish activity where global healthcare mergers and acquisitions (M&A) volume declined nearly 30% (less than half of the more than $500 billion in 2021). Inflation, higher interest rates and heightened regulatory pressures put a strain on dealmakers who have been driven by the need to gain efficiencies, accelerate growth, and integrate new technologies and services.

Fortunately, several factors are expected to bolster transactions in 2025.

BRG's *US Healthcare & Life Sciences Transactions Outlook* adds depth to this emerging picture, drawing on responses from a survey of 150 executives and corporate decision-makers at US provider, payer, and life sciences organizations. Insights from in-depth interviews with prominent industry professionals and BRG experts complement these findings.

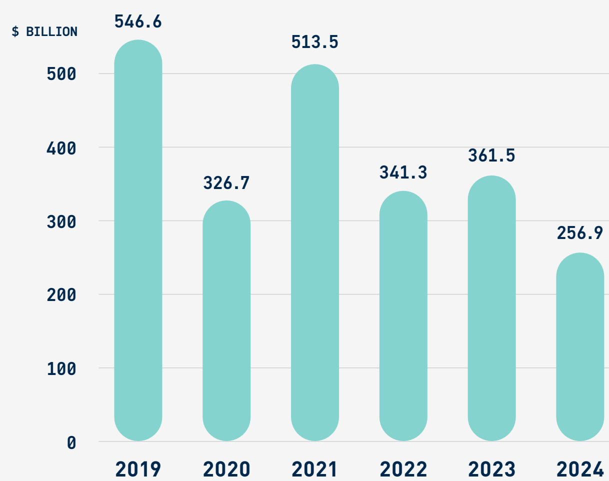
The majority of those surveyed said that they expect transaction activity to increase. Provider respondents are focused on labor challenges, leading to potential consolidation. Payers are seeking greater Medicare Advantage (MA) penetration, driving acquisitions. Life Sciences firms are focused on portfolio enhancements ahead of key patent expirations, spurring dealmaking.

With artificial intelligence (AI) still dominating headlines, 82% say they plan to pursue a transaction aimed at advancing these capabilities. Meanwhile, private equity (PE) firms could play an outsized role in dealmaking, but political headwinds could continue to cause uncertainty.

"Everyone seems to anticipate increased activity in 2025," says John Brock, a BRG Managing Director. "The combination of PE firms' dry powder, long hold periods, and last year's price discovery as interest rates fell—among other factors—should help facilitate a meeting of the minds between buyers and sellers."

However, hurdles remain to finalize deals. Providers are focused on financial issues like working capital requirements and integration costs. Payers voiced particular concern about operational inefficiencies and workforce retention. And life sciences executives are more anxious about strategic alignment and emerging competitors than their payer–provider counterparts.

Total Healthcare M&A Volume



Source: LSEG
Healthcare M&A volume.

Survey Respondent Verticals

Providers: hospitals, health systems, physician groups, ambulatory care services

Payers: health insurers (national, regional, specialized), managed care organizations

Life sciences: pharmaceutical, biotechnology, drug manufacturers, medical device companies

Regulatory challenges are also expected to persist, particularly when it comes to reimbursement, compliance, and data privacy and security requirements. While the Trump administration is expected to loosen Biden-era antitrust enforcement, speed bumps will still arise, including at the state level.

"There's been hope, some of it justified, that the change in administration will lead to a different approach on antitrust policy," says Stephen Arcano, an M&A partner at Skadden. "It's not clear exactly what that will be, but there's optimism the environment may become easier to navigate."

Higher tariffs could increase supply costs, facilitating deals in some cases and inhibiting them in others. Trump has rescinded several of Biden's executive orders, including one that **supports** expanding enrollment in Affordable Care Act insurance plans and another aimed at **establishing** AI safeguards. Contentious debates over Medicaid funding, **pharmacy benefits managers**, and efforts to lower drug prices could further complicate the transaction landscape.

"Regulatory changes can be a kill shot to a business or a path to profits," says Meghan Fitzgerald, chief executive officer and founder of healthcare investment firm Grey Ghost Capital. "It's impossible to be a healthcare dealmaker without knowing the regulatory field, full stop."

While 2025 presents abundant transaction opportunities for payers, providers, and life sciences organizations, challenges remain. This report offers readers critical insights into key focus areas, deal types, drivers, and hurdles ahead.

Key Findings

Transactions on the rise.

Providers (82%), payers (96%), and life sciences (70%) respondents believe that transaction activity in their vertical will increase over the next twelve months.

Return to core capabilities.

The most transaction activity in 2025 is expected in the primary care (provider), managed care (payer), and biotechnology (life sciences) areas.

Top transaction drivers.

Labor costs and staffing shortages (providers); MA penetration, value-based care enablement, and digital transformation (payers); and portfolio enhancements/new drug acquisitions (life sciences).

Top hurdles for transaction activity vary by vertical.

Providers say financial obstacles are most likely to impact dealmaking; payers highlight regulatory and operational challenges; while life sciences executives emphasize strategic concerns.

Regulatory & policy uncertainty will continue to impact dealmaking.

Fewer than 5% of respondents say they do not have any regulatory concerns when considering a transaction. Top-ranked concerns include reimbursement compliance, and data privacy and security requirements.

Expect more AI and cybersecurity-related transactions.

The overwhelming majority of respondents say they are likely to be involved in an investment or transaction related to AI (82%) and cybersecurity (84%) in the next twelve months.

"From our recent work with health systems contemplating strategic priorities over the next three to five years, we are seeing many focus on a return to strengthening their core business where margins are positive and can increase. We are also seeing some either divesting or actively seeking partnerships where past investments in vertical businesses have incurred growing losses."

Sam Moskowitz
Managing Director, BRG

Full Findings

Transaction Outlook

2025 started with Johnson & Johnson announcing its $14.6 billion acquisition of neurological drugmaker Intra-Cellular Therapies. The deal announced in January 2025 is the biggest in biotechnology ("biotech") in more than a year and could be a sign that drivers like lower interest rates, expectations of a looser antitrust regulatory environment, and end of election-year uncertainty could lead to increased transaction activity this year.

As the co-head of Jefferies' dealmaking arm told *Semafor* about the broader mergers and acquisitions (M&A) landscape, "When I went into a Fortune 500 boardroom two years ago with an idea for a transformative deal, they had 18 excuses why not to do it: 'Too much uncertainty, we have to figure out the rate cycle, never going to get through antitrust review, what about a recession?'"

Survey data reveals a consensus among respondents that healthcare dealmaking is poised for growth. 82% of providers and 96% of payers expect an increase in deal activity compared to the previous year, and although respondents from the life sciences sector were marginally less optimistic with 70% anticipating growth, executive sentiment remains largely optimistic.

Strategic Partnerships to Take Center Stage

According to survey respondents, the four most common deal types in 2025 will be strategic partnerships, M&A, restructuring, and joint ventures (JVs).

Numerous examples of strategic partnerships have emerged in the past two years. Kaiser Permanente launched Risant Health in 2023 to acquire and operate nonprofit health systems leveraging value-based care (VBC) models. Venture capital (VC) firm General Catalyst started HATCo to help "demonstrate the blueprint" of digital transformation in healthcare.

Many health systems are looking to payers, advisory groups, and private equity (PE) firms to help them advance their technological capabilities, leading to strategic partnerships and JVs being cited as the most popular type of deal respondents expect to pursue.

"Private equity often provides the patient and flexible capital for transformative healthcare innovations," says Alec Cunningham, a former executive vice president at CVS Health.

Anticipated market activity comes as heightened scrutiny of PE in healthcare shows signs of easing. For instance, California Governor Newsom vetoed a bill in September 2024 that would have established a mandatory approval process for a wide range of healthcare-related transactions involving PE and hedge funds—legislation that other states had also been considering. On the other hand, a January report from the US Department of Health and Human Services (HHS) heavily scrutinized PE firms and other private market participants.

"Private equity has the potential to improve access to services for underserved populations that can struggle to find providers," says James Teisl, a managing director at BRG and former analyst at the Medicaid and CHIP Payment and Access Commission. "PE has contributed to increased access to essential services in underserved areas, like pediatric dental care for low-income populations and home care for seniors and people with disabilities."

Providers Focus on Primary Care and Hospital Settings

More than half (52%) of provider respondents cite primary care delivery (e.g., adult and pediatric primary care practices) and retail health clinics as the areas most likely to experience transaction activity in 2025, followed by hospital settings (46%) and urgent care facilities (28%).

In 2024 large retailers like Walgreens, CVS, and Walmart were forced to reevaluate their investments in retail health clinics due to ongoing labor shortages and continuously shifting reimbursement models. While these organizations remain committed to the sector, it will be important to see how investors focus on assets that deliver core functions, particularly after a year when 60% of all hospital-related M&A deals involved a divestiture.

"The world is set up to reward providers for doing more, not necessarily for achieving better health outcomes," says Michael McMillan, former senior vice president and chief managed care officer at Ascension. "For instance, most organizations don't have the tools to manage population health very effectively—the infrastructure just is not there yet—so that presents an investment opportunity."

Recent PE investments and partnerships—such as the $130 million investment in Evergreen Nephrology led by Rubicon Founders and Oak HC/FT—demonstrate a belief that investments in primary and specialty care practices can be successful when based on population health and improving patient experience.

With regard to hospitals and health systems, BRG Managing Director Rob Shapiro says that states like California and New York have taken much more proactive approaches to consolidating struggling nonprofits, which could drive activity in 2025. "Opportunity comes from generating economies of scale—and this can help some of these smaller, struggling hospitals without a large enough ecosystem to be viable on their own."

Meanwhile, Medicaid enrollment, which decreased by 7.5% in 2024, is expected to decline further this year as pandemic-era enrollment drops off and the new administration threatens cuts to the program. This could lead to new dealmaking opportunities.

"We've seen a proliferation of Medicaid-focused businesses of late," says BRG Managing Director Kevin Kohl. "Particularly providers trying to meet access challenges, serve specific and/or vulnerable patient populations, or provide value-based alternatives."

Other areas that PE investors are particularly interested in—such as behavioral health and post-acute care settings—ranked lower. This could potentially be due to many of the provider respondents coming from health systems.

Payers Focus on Managed Care, Specialty Benefits, and Value-Based Care

With managed care and VBC both at critical inflection points, payer respondents suggest these areas could see some of the highest levels of transaction activity in the coming year.

Additionally, more than one-third of payer respondents cited care management as an area in which heightened deal activity is expected—likely reflecting the desire to improve care and reduce friction between payers and providers related to reimbursement rates, prior authorizations, and claim denials.

"Providers are moving away from overly restrictive managed care plans—and possibly even eliminating the middleman through direct contracting with employer groups," says Leslie Estes-Smith, BRG Director. For example, the Cleveland Clinic has been providing specialty care services via direct-to-employer arrangements for approximately fifteen years—with clients including Walmart, Lowes, and Boeing—for cardiac services, orthopedic care, and other specialty services.

PE players are showing interest too, with the potential for downstream impacts on providers. As BRG Managing Director Ryan McCarthy puts it, "We are seeing a tremendous amount of activity in infusion and specialty pharmacy dealmaking. I believe the majority of that primarily relates to two things: one, what investors perceive as a concentration of drugs in the development pipeline that will likely require infusion as the primary delivery vehicle; and two, the payment models' inherent inflationary resistance with the cost-plus reimbursement model currently in place. Thus, acquiring ambulatory infusion and home infusion businesses is a theme we expect to continue in 2025, especially as care continues to shift away from hospitals into outpatient settings and the home."

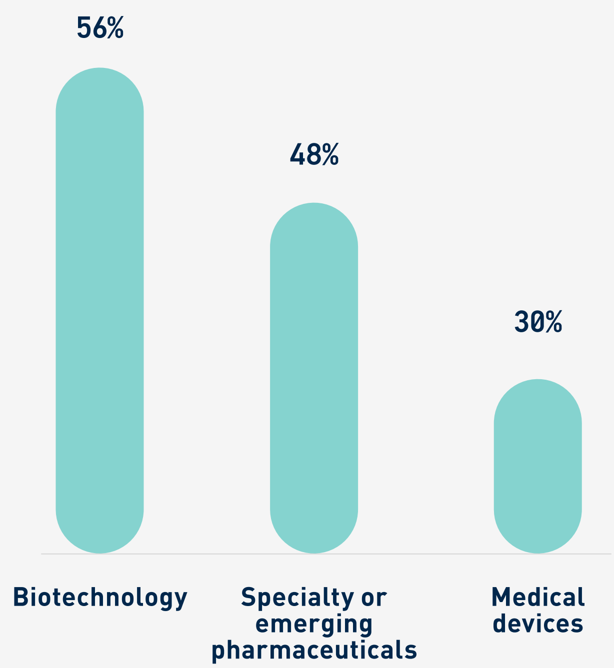
Biotech and Specialty/Emerging Therapies to Drive Transaction Activity in Life Sciences

The pace of US biopharmaceutical M&A slowed considerably in 2024, with aggregate deal value dropping 41% from 2023 as stakeholders focused on bolt-ons and other smaller transactions. However, activity is expected to increase as the second Trump administration takes power and the macroeconomic picture improves.

Large pharmaceutical companies have an estimated $1.3 trillion in dealmaking capital available and are expected to use some of that liquidity for strategic investments to mitigate the anticipated impact of 2028 patent expirations—which could threaten up to $300 billion in industry revenues.

Life sciences respondents expect the areas of biotech (e.g., cell and gene therapies) and specialty/emerging pharmaceuticals to experience the highest levels of transaction activity in 2025.

Areas in the pharmaceutical and life sciences space expected to experience most transaction activity over the next 12 months



New Technologies Fuel Investment and Transaction Activity

Emerging technologies like artificial intelligence (AI) are expected to drive investment and transaction activity. But new technologies bring new risks—and following the well-publicized 2024 Change Healthcare cyberattack, organizations are proceeding cautiously. Most survey respondents say that they are likely to pursue deals that advance their organization's AI capabilities (82%) and cybersecurity protections and infrastructure (84%) in the year to come.

More specifically, providers expect a range of technological capabilities to be a strategic focus in 2025, including electronic health record integration (38%), AI-driven clinical decision support and predictive analytics (38%), patient engagement platforms (36%), and revenue cycle management (RCM) technology (36%)—the latter of which is critical in recouping dollars from patients and payers.

"I've seen investors increasingly interested in RCM companies with the understanding that the demand for their services grows with more and more complexity in the system," says BRG's Kohl, who cites TowerBrook and CD&R's $8.9 billion deal to take R1 RCM private last year as one example.

The ongoing technology transformation was catalyzed during the pandemic, when providers had to quickly adapt to digital health platforms. This created opportunities for expansion and innovation, particularly in the realm of predictive analytics.

While the transformative potential of AI in healthcare is undeniable, its widespread application is still nascent.

"AI and machine learning are critical to predicting addressable cost challenges and improving care quality through timely insights," says Cunningham. "But the challenge lies in making this data actionable for clinicians and frontline workers."

Payers are expected to focus their technology efforts on benefits administration platforms (46%), payment integrity/fraud solutions (42%), and member engagement platforms (36%). Such tools can help improve relations between payers and providers amid high-stakes rate negotiations and policy shifts.

AI in drug discovery is the biggest priority for life sciences organizations in 2025. More than three in five respondents (62%) selected it as a strategic focus, with manufacturing automation (36%) and data management and interoperability solutions (34%) trailing behind.

"AI can be used to optimize performance across the drug or device development process, such as improving efficiency in clinical trials and streamlining manufacturing processes," says Briannon Tunstall, BRG Associate Director. "Drug manufacturers can use AI to sort through hundreds or thousands of molecules or antibodies in a library to identify lead candidates for further drug development, for instance. There are so many use cases for AI in the development process that life sciences companies are just beginning to explore."

Most survey respondents say that in the year to come, they are likely to pursue deals that advance their organization's:

AI capabilities

84% of Provider

94% of Payer

68% of Pharmaceutical

Cybersecurity protections and infrastructure

88% of Provider

94% of Payer

74% of Pharmaceutical

"Private equity has the potential to improve access to services for underserved populations that can struggle to find providers. PE has contributed to increased access to essential services in underserved areas, like pediatric dental care for low-income populations and home care for seniors and people with disabilities."

James Teisl
Managing Director, BRG

Transaction Drivers

Responses from BRG's survey shed light on sector-specific factors that are expected to accelerate transaction activity, adding detail to the broader macroeconomic, political, and regulatory shifts that executives expect to drive dealmaking.

Labor Shortages and Financial Pressures Drive Provider Dealmaking

Health systems continue to grapple with mounting labor costs and difficulty filling open jobs. "The workforce shortage is a persistent challenge, particularly in home and community-based services," says BRG's Teisl. Covering those costs presents further difficulties as providers struggle to negotiate reimbursement rate increases.

Recent years have seen high-profile labor disputes including Kaiser Permanente's 2023 agreement to increase pay by over 20% to more than 75,000 workers who went on strike. Rising minimum wages also heightens pressure on providers: twenty-one states have increased the minimum wage since the pandemic, and healthcare workers continue to show interest in unionizing to address ongoing wage negotiations and difficult working conditions.

Provider respondents cite labor costs and staffing challenges as the top driver of transaction activity. This was followed by the need to improve cost structure/operational efficiency and shifting patient demands, both selected by more than one-third of respondents (36%). Mergers, JVs, strategic partnerships, and other deal types can help providers address these challenges, while expanding technological capabilities can meet patient demand for digital interfaces and faster, more cost-effective care.

"Access and capacity are top priorities for providers, which may lead to transactions focused on bolstering entry portals such as urgent and emergent care, technology interfaces, and capacity expansion and/or additional locations," says BRG's Estes-Smith. "At the same time, rural and critical access hospitals continue to struggle, with recent closures leading to a gap in the safety net domain. These pressures require a focus on improving efficiencies in care and throughput to better manage length of stay. Hospital-based specialty recruitment and retention will be key, which means there may be opportunities to drive ventures among physician groups and larger systems."

Medicare Advantage and Value-Based Care Drive Payer Transaction Activity

The top trends expected to drive transactions for payers—MA penetration, VBC enablement, and digital transformation and health IT expansion—reaffirm other findings from BRG's report. Payers that focus on VBC improvements and thoughtfully invest in and leverage technology to drive processing efficiencies will better position their organizations for the future.

For its part, MA enrollment is growing—fast. Over 50% of eligible Medicare beneficiaries are now enrolled in such plans, with the Congressional Budget Office projecting that this share will increase to 64% by 2034. The shift to MA may be further accelerated by the Trump administration and a Republican-led Congress, both of which have promoted MA plans. The Heritage Foundation's Project 2025 specifically includes a call for making insurer-run plans the default enrollment option for Medicare.

"Over the past few years, Medicare Advantage and many of the subsectors that rely on it have been suffering, and now I think there's optimism Trump will be very supportive of Medicare Advantage and rekindle the migration toward these plans," says BRG's Shapiro. "This will allow carriers to be less aggressive in the benefits they have to offer, which will help drive profitability."

Payers have good reason to focus on MA Plans with growth in enrollment, payments to organizations that run these plans have **surpassed** Medicare estimates.

Many commentators, **including former HHS Secretary Alex Azar**, expect the second Trump administration to favor the ongoing transition to VBC models. It remains to be seen how the Trump administration will approach Centers for Medicare and Medicaid Innovation initiatives related to VBC.

"Access, quality, personalization, and affordability have crystallized into a new North Star, but the market is still figuring out consistent definitions for what these mean," notes Cunningham.

Life Sciences Dealmakers Eye the Patent Cliff

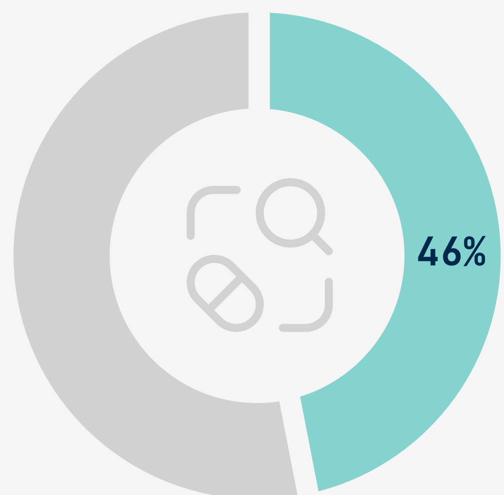
The pharmaceutical landscape will see a substantial shift as the industry responds to a wave of patent expirations in the near future. From cancer immunotherapy drugs like Keytruda to profitable blood thinners like Eliquis, these patent expirations present both challenges and opportunities. Executives at these pharmaceutical companies need to find ways to mitigate the impacts of cheaper generics entering the market by 2030 and take a closer look at how their business models can adapt.

Life sciences respondents reaffirmed these industry concerns, with nearly one-half (46%) indicating that portfolio enhancements to bolster their drug pipelines will be a top driver for transaction activity in the sector.

"There continues to be a hole big pharmaceutical companies need to fill driven by patent expiries," says Skadden's Arcano. "They aren't going to be able to fill it through internal R&D, so they're going to need to do M&A."

Other key drivers support this objective, often with the help of new technologies: demand for AI capabilities and expertise, research and development innovations and enhancements, and emerging therapeutics and specialty drugs were all selected by at least 30% of respondents. Patent cliff pressures/exclusivity challenges (26%) and digital transformation and automation in drug development (22%) also were selected by more than one-fifth of respondents.

Nearly one-half of life sciences respondents indicated that portfolio enhancements to bolster their drug pipelines will be a top driver for transaction activity in the sector.



Transaction Hurdles

Despite the optimistic industry outlook for 2025, closing deals still presents significant challenges. BRG's research shows that these pain points vary by sector.

Providers see financial issues as the most significant hurdle to transaction activity—specifically working capital requirements, performance uncertainty, and integration/implementation costs—largely driven by budgetary pressures and rising labor expenditures which we noted earlier in this report and have also been well documented in the industry. Payers voiced the most concern about regulatory challenges and operational hurdles such as technological integration. While life sciences respondents also expressed concern with financial and regulatory challenges, they were more likely to cite strategic fit, including threats from emergent competitors, as a bigger concern than payers or providers.

Financial Challenges

In addition to providers' concerns, nearly one-half (48%) of surveyed life sciences leaders say working capital requirements and the cost of capital are critical financial roadblocks.

"Access to capital and the cost of debt has been a large obstacle, especially for biopharma companies that fell behind their business plans or new startups that were seen with unproven technology," says Fitzgerald.

A potential opportunity for providers is the perception that it will be easier for these organizations to gain access to capital.

"There is some speculation that the new administration will make access to capital less restrictive in the provider space," says Estes-Smith. "Couple that with declining interest rates, and you may see some health systems reinvesting on their own in the near term."

“There is some speculation that the new administration will make access to capital less restrictive in the provider space. If interest rates continue to hold steady or decline, you may see some health systems reinvesting on their own in the near term.”

Leslie Estes-Smith
Director, BRG

Operational Challenges

Efficiency and workforce were identified as key operational hurdles by all survey respondents. Given the complex nature of the US healthcare system and ongoing workforce challenges, executives are increasingly turning to technology and automation to address these areas of concern while also working to improve patient care. In addition to those concerns nearly 60% of providers and life sciences respondents identified technology integration and interoperability as a chief concern with payers diverging from the other health industry sectors with 52% citing integration/ organizational alignment.

These findings underscore the importance of carefully evaluating the impact of new technologies. While the promise of new tools and platforms encourages investment and may yield savings, the volume of new tools in aggregate can create greater operational inefficiencies and increased costs if they are implemented without a clear strategic direction.

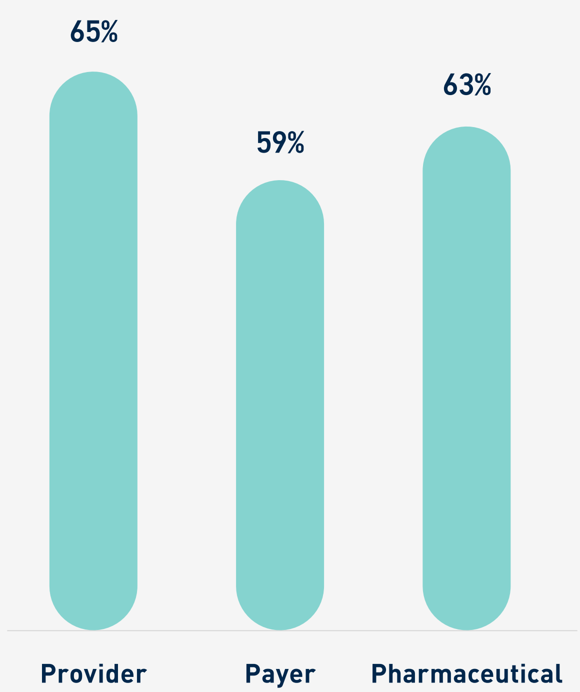
Strategic Challenges

In contrast to life sciences executives' concerns about strategic alignment and emerging competition, payers and providers see customer/patient retention and experience as a pivotal strategic hurdle (50% each).

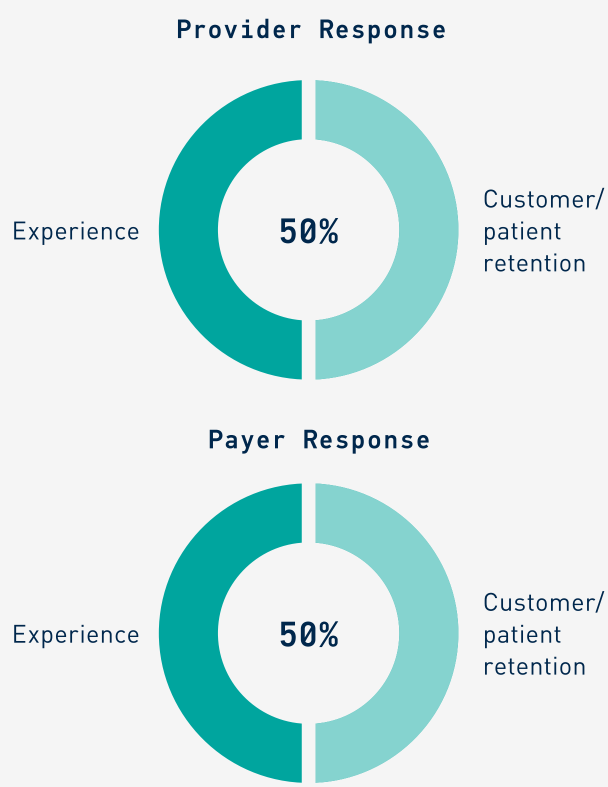
The survey responses corroborate the challenges inherent in responding to patient expectations for a more seamless digital experience and better customer service. With increasing healthcare costs borne by US consumers, how people interact with their health insurers and doctors is evolving, and consumers are increasingly demanding greater transparency and better customer service from these organizations.

However, providers' top strategic concern was differentiation amid the competitive landscape, which might reflect recent consolidations in the space—as well as the investment focus in more specialty care services.

Key Concerns: Operational Efficiencies



Key Concerns: Strategic Goals



Regulatory and Political Impacts on Dealmaking

Regulatory uncertainty under the second Trump administration remains a question for many healthcare executives and could have profound impact on transactions in this sector. For payer and provider survey respondents, reimbursement and compalaince are their top areas of concern and are widely believed to be the areas most likely to change under the Trump administration.

The intersection of these issues with health policy and regulations underscores the complex landscape facing industry stakeholders. Life sciences companies, providers, and payers all identify regulatory matters as a top priority. The US health system's interconnectivity means that policy adjustments can have unforeseen and often far-reaching effects. The potential of PBM reform is one of these instances. However, without a clear understanding of how the services currently provided by PBMs would be addressed, it is impossible to predict the full ramifications of such a change and can create uncertainty in the market, impacting all players in the health sector.

"PBM, Federal Trade Commission, congressional investigations, and legislative initiatives might affect vertical integration in the pharmaceutical industry," explains Edward Buthusiem, BRG Managing Director. "Right now, we have payers that own PBMs and other parts of the supply chain creating tightly integrated relationships. If these networks are broken up, we could see significant disintegration with unpredictable effects on consumer pricing and M&A activity. While vertical integration has historically been defended as pro-consumer, that premise is now being challenged on multiple fronts, which could dramatically reshape the healthcare M&A landscape moving forward."

Respondents also have data privacy and security requirements top of their mind as they look to advance their organizations' digital transformations. As one payer put it, a chief concern is "adjusting to more stringent cybersecurity regulations for medical records and avoiding third-party risks in service outsourcing."

Key Regulatory Challenges and Anticipated Shifts

Type	Top Regulatory Concerns	Regulatory Areas Expected to Change under Trump Administration
Provider	Reimbursement and billing compliance Healthcare policy and industry regulations Data privacy and security requirements	Reimbursement and billing compliance Data privacy and security requirements Healthcare policy and industry regulations
Payer	Reimbursement and billing compliance Data privacy and security requirements Healthcare policy and industry regulations	Reimbursement and billing compliance Data privacy and security requirements Healthcare policy and industry regulations / Environmental, social, and governance (tie)
Life Sciences	Healthcare policy and industry regulations Data privacy and security requirements Intellectual property protections	Healthcare policy and industry regulations Data privacy and security requirements Reimbursement and billing compliance / Foreign investment (tie)

The fast-changing patchwork of data privacy, cybersecurity, and AI-related regulations in the US—primarily at the state level—only adds to the challenge. For instance, BRG's June 2024 *Global AI Regulation Report* revealed that only four in ten executives were highly confident in their ability to comply with current regulation and guidance.

Antitrust and competition policy is not cited as a major concern, as Trump is expected to loosen the Federal Trade Commission's grip. Yet state-specific antitrust scrutiny is a key transaction hurdle for both providers (43%) and payers (45%) among those who expect regulatory hurdles to hinder dealmaking.

"State-level scrutiny of healthcare dealmaking will likely continue, no matter the administration in the White House," says BRG's Kohl. "It only takes one state legislator to propose a piece of legislation, and that results in a steady increase in the number of bills being introduced in state capitals nationally. Whether they are substantive and become law is a different story."

Life sciences executives who anticipate regulatory challenges to impact dealmaking are more worried about federal regulatory scrutiny other than antitrust (58%), quality and safety requirements (46%), and intellectual property concerns than their counterparts.

Throughout the industry changes are expected: only 6% of providers and life sciences respondents—and no payers—say that there will be no significant federal regulatory changes under the new administration. Broadly speaking, respondents shared that they are most concerned about the areas they expect to see the most change.

Conclusion: Planning for the Road Ahead

Investments in innovative technologies like AI, core functions, and specialty services will all contribute to increasing interest and activity in dealmaking over the coming year. However, being able to identify, manage, and execute a successful healthcare transaction remains a complex undertaking that requires focus, deep industry expertise, and a strong strategic vision of what needs to be achieved.

"The biggest obstacles are pace, politics, and price," says Fitzgerald. "In recent years, healthcare dealmakers have navigated shifting policies, fluctuating valuations, and uneven deal processes—but they've continued to adapt. To do a deal today, one must have real conviction or proven synergies because one will pay up for value."

Due diligence will take on even more importance as M&A disputes continue to rise. Larger, public healthcare-sector companies must be especially careful—and, as Arcano says, there is an art to keeping the board informed. "It's kind of like Goldilocks: You don't want to go too early before you actually have something to say, and you don't want to go too late where it looks like you're getting ahead of your board."

To maximize enterprise value in an evolving healthcare landscape, organizations should work to align deal strategies with their long term strategic objectives. This may prove to be more challenging if macro economic trends and health policy become less certain.

"Successful players have focused on 1) the need to invest, 2) the need to manage debt in a different way, and 3) the need to understand stakeholder expectations, including those of regulators, enforcement agencies, patients, and providers," says BRG Managing Director Tom O'Neil.

Should interest rates stabilize there is an expectation that transaction activity will play an increasingly important part of an organization's growth strategy in the healthcare and life sciences sectors. Our market analysis suggests a willingness throughout these sectors to utilize strategic transactions as a means of achieving growth objectives, finding greater financial stability, and gaining a competitive advantage.

Methodology and Demographics

BRG conducted its 2025 *US Healthcare & Life Sciences Transactions Outlook* research initiative in two major phases: in-depth qualitative interviews and a quantitative online survey. Interviews took place in December 2024 and resulted in strong verbatim input from nine interviewees representing a variety of relevant areas including providers, payers, investors, lawyers, and consultants.

BRG's survey fielded in November and December 2024. A total of 150 respondents completed the survey, which included fifty respondents each in the healthcare provider, healthcare payer, and life sciences and pharmaceuticals sectors. To understand differences by operational category, crosstabs were calculated and appear in this analysis.

Participation was anonymous. All participants were executive or board-level with experience or knowledge of their organization's corporate decision-making.

Due to rounding and questions asking for more than one response selection, data may not add up to 100%.

Contributors

Stephen Arcano
Skadden, Partner, Mergers & Acquisitions

Alec Cunningham
Formerly CVS Health, Executive Vice President

Meghan Fitzgerald
Grey Ghost Capital, CEO and Founder

Michael McMillan
Formerly Ascension, Senior Vice President, Chief Managed Care Officer

BRG Contributors

John Brock
Managing Director
NASHVILLE

Edward Buthusiem
Managing Director
WASHINGTON, DC

Jerry Chang
Managing Director
ATLANTA

Leslie Estes-Smith
Director
NEW YORK

Kevin Kohl
Managing Director
NEW YORK

Ryan McCarthy
Managing Director
NASHVILLE

Samuel "Sam" Moskowitz
Managing Director
BALTIMORE

Thomas "Tom" O'Neil
Managing Director
WASHINGTON, DC

Robert Shapiro
Managing Director
BOSTON

James Teisl
Managing Director
WASHINGTON, DC

Briannon Tunstall
Associate Director
WASHINGTON, DC

BRG combines world-leading academic credentials with world-tested business expertise, purpose-built for agility and connectivity, which sets us apart—and gets you ahead.

Our top-tier professionals include specialist consultants, industry experts, renowned academics, and leading-edge data scientists. Together, they bring a diversity of proven real-world experience to economics, disputes, and investigations; corporate finance; and performance improvement services that address the most complex challenges for organizations across the globe.

Our unique structure nurtures the interdisciplinary relationships that give us the edge, laying the groundwork for more informed insights and more original, incisive thinking from diverse perspectives that, when paired with our global reach and resources, make us uniquely capable to address our clients' challenges.

THINKBRG.COM

Copyright ©2025 by Berkeley Research Group, LLC. Except as may be expressly provided elsewhere in this publication, permission is hereby granted to produce and distribute copies of individual works from this publication for nonprofit educational purposes, provided that the author, source, and copyright notice are included on each copy. This permission is in addition to rights of reproduction granted under Sections 107, 108, and other provisions of the US Copyright Act and its amendments.

Disclaimer: The opinions expressed in this publication are those of the individual author(s) and do not represent the opinions of BRG or its other employees and affiliates. The information provided in the publication is not intended to and does not render legal, accounting, tax, or other professional advice or services, and no client relationship is established with BRG by making any information available in this publication, or from you transmitting an email or other message to us. None of the information contained herein should be used as a substitute for consultation with competent advisors.