

Greenberg Advisors

M&A ADVISORY IN HEALTHCARE IT & RCM

M&A Update 2024



**Healthcare IT &
Revenue Cycle Management**

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Introduction

Tremendous Momentum Going Into 2025

2024 was another highly active year in Revenue Cycle Management (RCM) and Healthcare IT (HCIT) M&A in which over \$19 billion traded hands.

Among other notable events, R1 RCM was taken private by TowerBrook Capital Partners and Clayton, Dubilier & Rice (CD&R) at a valuation of \$8.9 billion, while Waystar's IPO in June raised nearly a billion dollars at a market capitalization of \$3.5 billion.

Greenberg Advisors' activity mirrored the robust market, [closing many noteworthy transactions](#) for buy-side and sell-side clients. These transactions spanned an array of market segments and offerings, from healthcare BPO to zero balance / underpayment recovery, denials management, and related offerings.

The outlook for 2025 is favorable, as the volume of investors and sellers interested in transacting remains plentiful. The new Republican administration, which the market generally views as favorable to investment activity, and expectations of additional interest rate cuts could further spur transaction volume in 2025. As well, regulators are scrutinizing private equity investments into healthcare providers more heavily, so many investors are pivoting to RCM and HCIT to secure healthcare exposure while avoiding the uncertain regulatory risks in the provider market.

We hope you enjoy this year-end edition of the M&A Update, as we put into context the year's activity, discuss the rationale behind selected notable transactions, and offer our expectations for 2025.

Data Source

The data and analysis summarized herein are based on information from Greenberg Advisors' (GA) proprietary database in conjunction with GA's knowledge of the market. GA does not use market data from data vendors. Its data is highly reliable - most often obtained directly from transaction participants - and, in some instances, contains conservative estimates. We go to great lengths to gather this information to provide it in aggregate to the public in publications like this one but also to ensure that we, and our clients, are fully informed for transaction planning and execution.

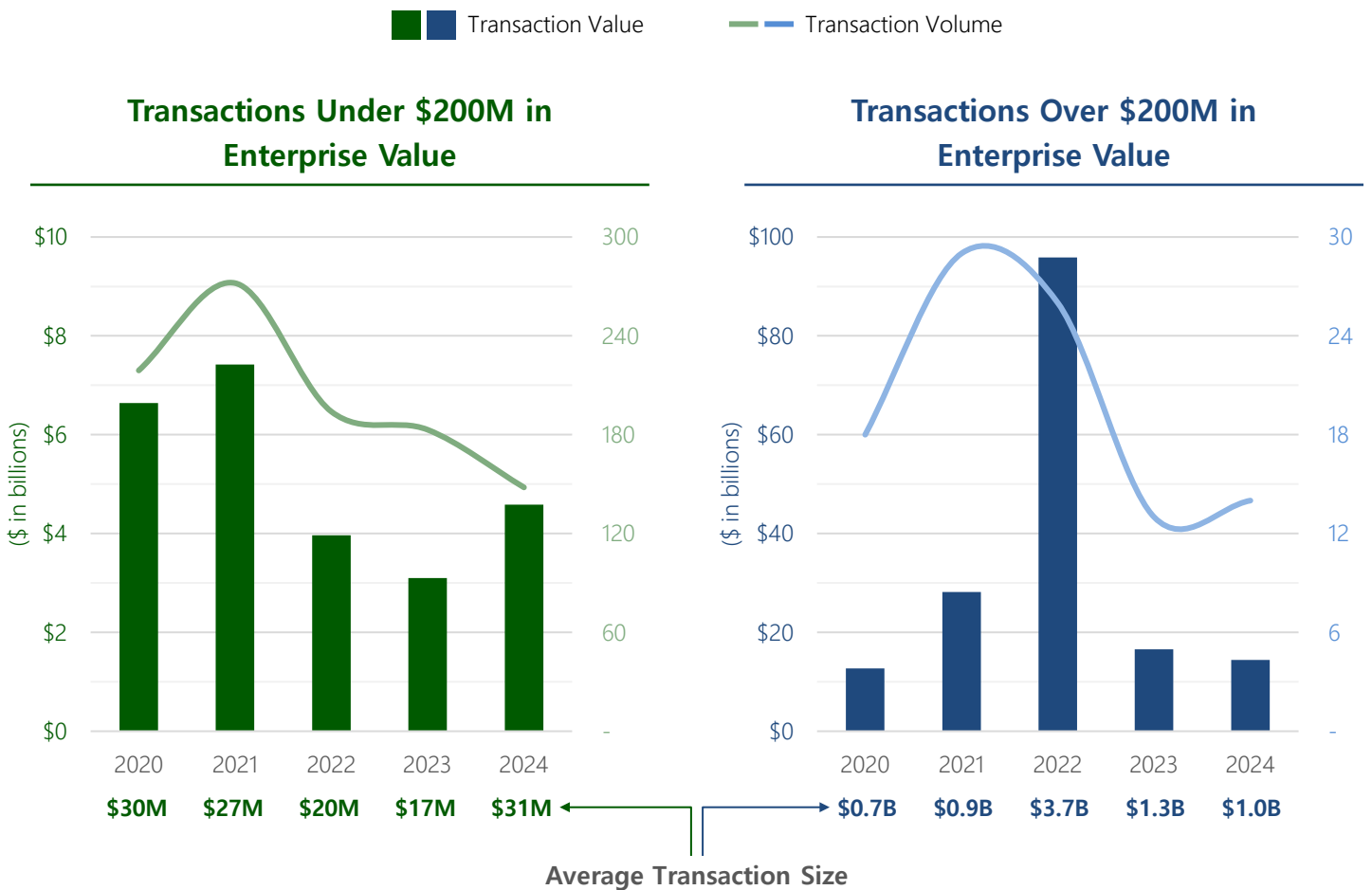
Key Takeaway

Encouraging Conclusion to 2024

While overall transaction volume and value were lower than prior years, the trends heading into 2025 are quite promising.

Activity in the lower middle market remains strong. When isolating transactions under \$200 million in Enterprise Value (EV), for example, the cumulative value of those deals increased 48% in 2024. This is an important statistic and relevant to most business owners and investors, as over the last five years, deals of this size accounted for over 90% of the RCM and HCIT market's transaction volume.

Transaction Value and Volume by Transaction Size



Source: Greenberg Advisors

Key Takeaway

Changing Buyer Behavior

As the market for top-tier assets remains competitive, buyers are employing a variety of tactics to separate themselves from competing bidders:

- 1) Aggressive buyers are more frequently submitting 'outlier bids' that far outpace other prospective acquirers and exceed typical market pricing to ensure that they are the winning bidder.
- 2) Investors are offering more enticing deal structures with higher levels of cash at closing, even for target companies that have an element of risk (e.g. client concentration) that would historically often justify an earn-out.
- 3) Some groups are using speed and certainty-to-close as a differentiator by launching third-party diligence prior to exclusivity, which lower middle market buyers have generally avoided in the past given the costs involved.

A Gauge on Valuations

The abundance of investor interest has driven valuations upward for sellers that have a unique or interesting aspect to them (e.g. size, technology, specialization, etc.). Interest in sellers that lack this differentiation remains plentiful, but the completion rate (or success rate) of these deals was slightly lower in 2024. This is the result of many factors, with sellers' valuation expectations being at the forefront. We anticipate a convergence of investor and seller valuation expectations to spur activity for all types of transactions in 2025, as any failed transactions will likely prompt owners to reevaluate their transaction needs.

Key Takeaway

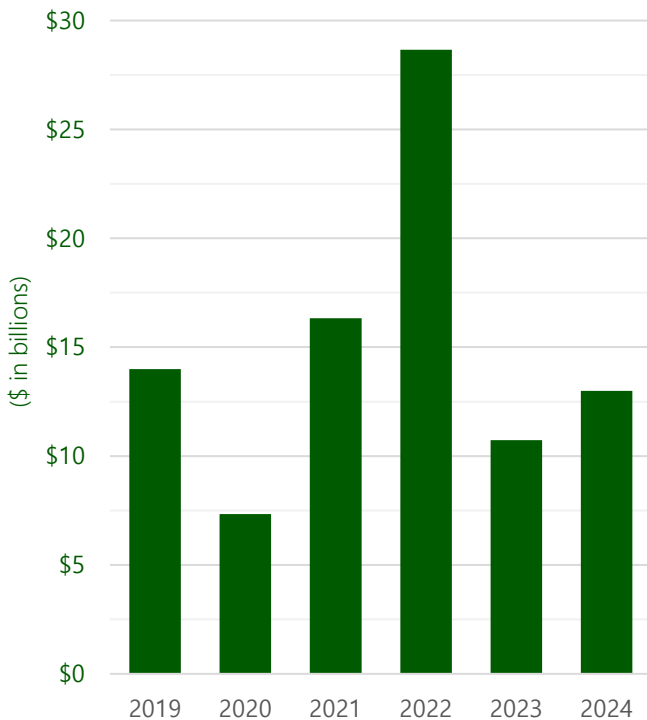
Financial Investors Making Moves

The percentage of transactions completed by financial investors (Private Equity [PE] and Venture Capital [VC] firms) increased from 34% in 2023 to 39% in 2024.

Despite the increased activity, financial investors have more ground to make up. From 2019 to 2022, PE and VC firms invested an average of \$16.6 billion per year into RCM and HCIT companies; in 2023 and 2024, they invested an average of \$12.4 billion per year. With the PE and VC fundraising environment improving in recent months, firms that are 'behind the ball' on capital deployment may look to accelerate their investment activity to maximize the favorable fundraising environment.

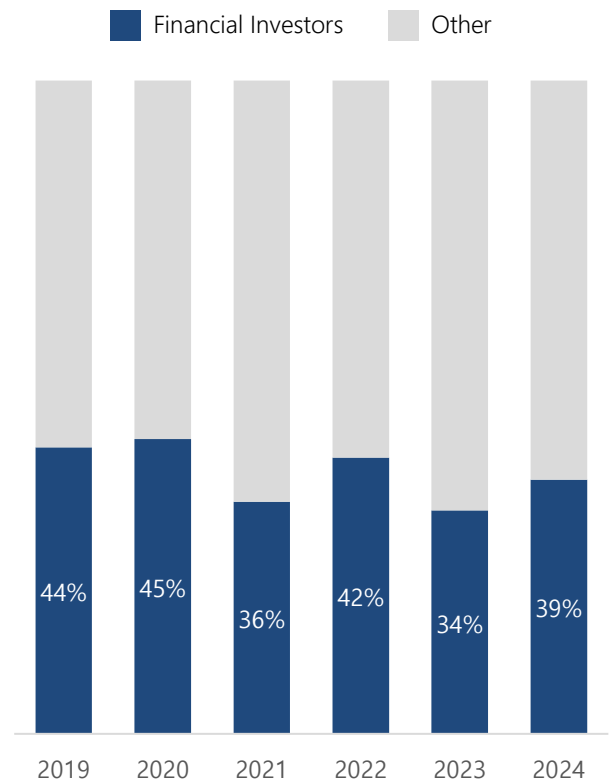
Transaction Value and Volume by Financial Investors

Transaction Value by Financial Investors



Transaction Volume by Buyer Type

Percent of all transactions



Source: Greenberg Advisors

Key Takeaway

It's a Small World

While the majority of transactions in RCM and HCIT involve US-based buyers and sellers, cross-border transactions have become more frequent in recent years. In fact, in 2024 the volume of transactions in which either the buyer or the seller were based outside of the US increased to 13% of all transactions, up from 12% in 2023 and 7% in 2022. Example transactions that involved a non-US buyer or seller last year include GeBBS Healthcare Solutions' acquisition of Dominican Republic-based CCD Health, Firstsource Solutions Limited's acquisition of India-based Quintessence Business Solutions & Services Private Limited, and VitalHub's acquisition of Canadian-based MedCurrent Corporation.

The reasons for expanding into a new geography can vary from seeking lower-cost locations, covering more time zones, and many other reasons. For instance, in the case of the GeBBS-CCD transaction, CCD provides an expanded near-shore presence in the Dominican Republic to complement GeBBS' extensive India-based operations.

Private Markets Offer a Pathway for Substantial Capital

In October 2024, OpenAI raised \$6.6 billion in the private market, nearly doubling its valuation to \$157 billion. There are two components of interest here: The first is OpenAI's potential to substantially improve the quality of healthcare, such as quickly and accurately summarizing medical records and distilling information to better inform treatment plans. Second is the broader implication of these monumental numbers. Historically, in order to attract this level of capital, the only option was the public market (i.e. IPO). It's worth pointing out that AI has the potential to significantly transform healthcare, in terms of care delivery and otherwise, and that is certainly among the many reasons that OpenAI was able to garner such an impressive valuation.

Key Takeaway

Notable Transactions¹

Transaction	Seller's Offerings	Commentary
 <i>was taken private by</i> TOWERBROOK & CD&R	Tech-Enabled End-to-End RCM Solutions	<ul style="list-style-type: none"> R1 has nearly 30K global employees and generated \$2.5B in revenue and \$624M in adjusted EBITDA (Sep-2024 TTM). Past acquisitions include Acclara Solutions, Cloudmed, VisitPay, SCI Solutions, and others. After going public in 2010, R1 was taken private in November 2024 at a \$8.9B valuation, representing a 14.3x adjusted EBITDA multiple.
 <i>acquired</i> 	Billing & Practice Management Services	<ul style="list-style-type: none"> Knack RCM is backed by private equity firm LKCM Headwater Investments. Merrick provided Knack RCM an entrée into the anesthesia market. Merrick also expanded Knack RCM's capabilities, adding practice management, accounting, and tax advisory services.
<i>Initial Public Offering of</i>  WAYSTAR	End-to-End RCM Software	<ul style="list-style-type: none"> Waystar was formed in 2017 through the merger of ZirMed and Navicare. Past acquisitions include HealthPay24, Patientco, eSolutions, and others. Raised \$920M at a market capitalization of \$3.5B, roughly 30% higher than when EQT and CPPIB acquired a majority stake in Waystar in 2019.
 <i>invested in</i> 	Tech-Enabled End-to-End RCM Solutions	<ul style="list-style-type: none"> CorroHealth was formed in 2020 through the merger of TrustHCS, Visionary RCM, T-System, and RevCycle+. CorroHealth recently acquired Navient's (NASDAQ: NAVI) RCM business, Xtend. This platform investment from Patient Square will likely lead to additional M&A from CorroHealth.
 <i>acquired</i> 	Denials Management & Zero Balance Review Services	<ul style="list-style-type: none"> EnableComp is backed by private equity firm WCAS. ANI Healthcare Solutions added valuable expertise in denials management and zero balance review services. This is an example of a targeted acquisition meant to round out the acquirers' solution set, providing cross-selling opportunities.

¹ GA served as the exclusive financial advisor to Knack RCM in its acquisition of Merrick Management and EnableComp in its acquisition of ANI Healthcare Solutions.

Expert Predictions

“What will be the main theme or the leading headline in healthcare / RCM / HCIT in 2025?”



“In RCM we expect to see continued outsourcing to specialized solution providers and increasing adoption of AI to improve the efficiency and accuracy of the revenue cycle.”

Caroline Dechert, *General Partner, Healthcare Group at Welsh, Carson, Anderson & Stowe*



“This year the focus will be on M&A with businesses that are making, or have made, serious technological advances and are accelerating and bringing down the cost of the revenue cycle. Labor intensive businesses will need to manage their labor costs well and keep doubling down on technology and automation.”

Scott Becker, *Founder of Becker's Healthcare & Partner at McGuireWoods*



“The RCM theme for 2025 is all about automation - RPA, bots, and AI - transforming a traditionally labor-intensive process. Just as providers once navigated the overwhelming transition to EHRs, the industry now faces a flood of technology solutions, some effective, some costly, and some still unproven. The challenge this year will be determining the right balance between technology and human expertise - figuring out what works, what scales, and how to optimize efficiency without overspending. 2025 is the year to solve that equation - quickly.”

Chanie Gluck, *Founder of 4D Global & Host of the Leaders in Medical Billing Podcast*



“The RCM industry will continue to see an increased trend of consolidations among the tech enabled services vendors. In addition to the expected synergies of reducing overhead costs, the benefits of automation and returns on technology investment with increased scale, will lead to an increase in M&A activity.”

Arvind Ramakrishnan, *CEO of Knack RCM*

Conclusion

Looking Ahead

It was a busy year for M&A in RCM and Healthcare IT that laid the groundwork for an even more active 2025.

While there has been conjecture for the past few years regarding an impending wave of sellers about to enter the market, our recent conversations with business owners appear to confirm that this sentiment may finally be coming to fruition. We expect that the increased number of sellers, combined with high interest from strategic and financial investors seeking platform investments and add-ons, will create the next wave of M&A activity in 2025.

Activity will be further bolstered by PE funds that will divest legacy assets and an environment that is expected to be friendlier for M&A due to anticipated interest rate cuts.

Predictions for 2025

- 1) Regulatory headwinds aimed to restrict PE investment into healthcare providers will force some PE firms to focus on the RCM and Healthcare IT markets to maintain healthcare exposure.
- 2) PE firms will continue to move 'down-market' to generate additional deal flow, which will ultimately drive increased competition amongst a more significant pool of prospective buyers.
- 3) Failed transactions in 2024 will cause prospective sellers' valuation expectations to come into alignment with pricing trends, creating a higher volume of completed transactions.
- 4) Firms that provide pre-bill offerings, for example, patient registration and claim scrubbing, will draw heightened interest as more scrutiny is placed on preventing downstream denials.

About Greenberg Advisors


Greenberg Advisors, LLC (GA) is one of the most active M&A advisors specializing in Revenue Cycle Management (RCM) and Healthcare IT (HCIT) transactions.

GA's perspective provides clients with unique value that comes from a comprehensive understanding of the healthcare ecosystem, having worked with buyers and sellers in a variety of transactions across the RCM and HCIT sectors. GA's unmatched depth and its proprietary data assets prove invaluable to clients in determining the optimal path forward and maximizing their exit or investment.

Contact Us

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 301-576-4000

The Go-To M&A Advisor in RCM & HCIT

Our Differentiators

- ▶ Unmatched Track Record in RCM & HCIT Transactions
- ▶ Long-Term Relationships with Owners and Investors
- ▶ Proprietary Industry and M&A Data Assets
- ▶ We Treat Our Clients Like Family

Our Services

- ▶ Sell-Side M&A Advisory
- ▶ Buy-Side M&A Advisory
- ▶ M&A Planning and Strategy
- ▶ Business Valuations

Our RCM & HCIT Coverage

The firm's RCM and HCIT expertise spans nearly all care delivery methods and specialties across the following IT and service offerings, as well as many others.

Patient Access

Appointment Scheduling • Financial Counseling • Patient Advocacy & Enrollment • Patient Eligibility & Benefits Verification • Patient Engagement / Communication • Patient Finance • Patient Intake • Prior Authorization • Propensity to Pay Assessment

Analytics & Reporting

Claim Status & Denials Analytics • Clinical Analytics • Population Health • Predictive Analytics • Pricing Analytics • Revenue Cycle Analytics • Utilization Review • Value-Based Care Enablement

Payment & Reimbursement

Bad Debt • Billing • Coding • Coding Audits • Charge Capture • Complex Claims • Denials Management • DRG Review • Early-Out / EBO • Insurance Follow-Up • MVA & VA Claims • Out-of-State Medicaid • Payment Posting • RCM Consulting & Optimization • Revenue Integrity • Third-Party Liability • Underpayments • Workers' Compensation Claims • Zero-Balance Review

Enterprise Technology & Clinical Systems

Artificial Intelligence & Machine Learning • Care Coordination & Management • Claims Management • Clinical Decision Support • CRM • Digital Health • EHR / EMR • Implementation Services • Interoperability • Mobile Health • Natural Language Processing • Practice Management Systems • RPA • System Conversion & Integration • Technology Hosting & Infrastructure • Telehealth

Operations

Clinical Documentation Improvement • Compliance • Consulting • Contract Management • Credentialing • Health Information Management • Healthcare IT Consulting & Implementation • Practice Management & Marketing • Spend Management • Staffing • Transcription

Payor Offerings

Care Coordination • Consulting • Cost Containment • Fraud, Waste, and Abuse • Member Engagement • Payment Integrity • Payor Workflow Tools • Quality Improvement • Risk Adjustment • Rx Spend Management

Greenberg Advisors' Selected RCM & HCIT Transactions

 **Knack RCM**
a portfolio company of

 acquired

 **PPM Partners**

Patient Eligibility & Advocacy-Focused RCM Firm



was acquired by


Private Equity-Backed Strategic Buyer

 **Knack RCM**
a portfolio company of

 acquired

 **HealthyBOS**
 back office support

 **enablecomp**
 complex claims revenue solutions
a portfolio company of

 acquired

 **ANI**
 Healthcare Solutions

 **KnackGlobal**
a portfolio company of

 acquired

 **MERRICK**
 MANAGEMENT, INC.


 **INFINX**
a portfolio company of
KKR & NORWEST
 acquired

 **MedReceivables**
 Advisor


Commercial and Government-Focused RCM/HCIT Firm

was recapitalized by

Private Equity/Debt Investor

 **COSENTUS**

acquired

 **AllianceMed**
 and its subsidiary
medcloud

 **EMS|MC**
 EMS MANAGEMENT & CONSULTANTS
a portfolio company of
 **bv**
 INVESTMENT PARTNERS
 SINCE 1983
 acquired

 **EPWW**
 Advisory Group

Greenberg Advisors' Selected RCM & HCIT Transactions

SimiTree
a portfolio company of
SHERIDAN
CAPITAL PARTNERS

acquired

GREENPOINTMED

SimiTree
a portfolio company of
SHERIDAN
CAPITAL PARTNERS

acquired

afia

Ovation Healthcare
a portfolio company of
GRANT AVENUE

acquired

MedCo
Uptain Group, Inc.

EMS|MC
EMS MANAGEMENT & CONSULTANTS
a portfolio company of
bv INVESTMENT PARTNERS
SINCE 1983

acquired

TransMedic
your medical billing professionals

EMS|MC
EMS MANAGEMENT & CONSULTANTS
a portfolio company of
bv INVESTMENT PARTNERS
SINCE 1983

acquired

AMB
ANDRES MEDICAL BILLING, Ltd.

Specialized Payment
Automation Technology
Company

was acquired by

Private Equity-Backed
Strategic

ATWATER
SOLUTIONS

was acquired by

SIGNATURE
Performance

EMS|MC
EMS MANAGEMENT & CONSULTANTS
a portfolio company of
bv INVESTMENT PARTNERS
SINCE 1983

acquired

VAIRKKO

presidiohealth

was acquired by

DeliverHealth
a portfolio company of
ASSURED
HEALTHCARE PARTNERS®

Greenberg Advisors' Selected RCM & HCIT Transactions


a portfolio company of

 made a growth investment in



 acquired RCM assets of





 was acquired by



 was acquired by



 acquired a majority stake in



a portfolio company of

 acquired



 acquired a majority stake in



 acquired



 was acquired by

a portfolio company of


Intended Use

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