



# Industry Insights

Healthcare Services Sector Update

Late Summer 2022



## Highlights

The **S&P Healthcare Services** Index increased by 15.4% over the last month, compared to the S&P 500 Index, which increased by 9.1% over the same period.





Over the past month:

The sectors that experienced the largest increase were Care Platforms (Facility-Based) (up 84.2%), Acute Care Hospitals (up 24.5%) and Home Medical Equipment (up 23.8%).

The sectors that experienced the largest decrease were Dialysis Services (down 12.7%) and Consumer Directed Health/Wellness (down 3.7%).

The current average last 12 months (LTM) revenue and LTM EBITDA multiples for the healthcare services industry overall are 2.51x and 14.7x, respectively.

### The Sectors with the Highest Valuation Multiples

-  Consumer Directed Health/Wellness (3.23x LTM revenue, 33.0x LTM EBITDA)
-  Assisted/Independent Living (0.40x LTM revenue, 29.8x LTM EBITDA)
-  Healthcare IT (3.37x LTM revenue, 24.9x LTM EBITDA)
-  Home Health/Hospice (1.80x LTM revenue, 20.3x LTM EBITDA)

# Healthcare Services Sector Update .o

Market Sector	No. of Companies	Equity Mkt. Value (\$mn)	Average % Change		LTM Multiples		Earnings Ratio		PEG Ratio 2022E
			1 mo	12 mo	Rev	EBITDA	LTM	2022E	
<b>Providers</b>									
Acute Care Hospitals	4	\$78,651	24.5%	(15.8%)	1.28x	8.2x	10.0x	11.2x	1.7x
Assisted/Independent Living	3	1,056	3.5%	(37.5%)	0.40x	29.8x	0.2x	NM	NM
Behavioral Health	2	9,763	19.1%	9.4%	NM	16.9x	27.3x	27.1x	2.7x
Dialysis Services	2	18,769	(12.7%)	(43.5%)	1.54x	9.2x	9.9x	10.7x	1.3x
Healthcare Staffing	2	6,035	6.5%	19.9%	0.80x	5.8x	9.5x	8.2x	1.5x
Home Health/Hospice	9	26,451	10.1%	(3.5%)	1.80x	20.3x	34.2x	23.4x	2.8x
Rehabilitation	5	11,071	7.1%	(28.2%)	2.31x	19.5x	23.3x	21.7x	0.9x
Skilled Nursing	2	5,477	7.1%	(6.8%)	1.48x	15.3x	15.7x	19.5x	1.3x
Care Platforms (Affiliate-Based)	4	16,772	20.9%	(28.4%)	3.41x	20.2x	32.4x	44.2x	4.1x
Care Platforms (Facility-Based)	4	12,159	84.2%	(47.1%)	2.13x	NM	NM	NM	NM
Providers – Other	5	8,773	16.6%	(23.7%)	2.70x	12.7x	12.3x	11.9x	NM
<b>Payors/Managed Care</b>									
Commercial Managed Care	5	\$774,483	4.3%	27.5%	1.69x	14.7x	21.1x	18.2x	1.4x
Government Managed Care	3	75,719	12.4%	29.3%	0.98x	11.9x	27.5x	17.6x	1.2x
Specialty Managed Care	1	9,507	1.7%	11.4%	1.02x	11.4x	16.9x	13.7x	0.8x
<b>Consumer Directed Health/Wellness</b>	<b>4</b>	<b>\$5,940</b>	<b>(3.7%)</b>	<b>(29.5%)</b>	<b>3.23x</b>	<b>33.0x</b>	<b>NM</b>	<b>45.5x</b>	<b>2.9x</b>
<b>Telemedicine</b>	<b>7</b>	<b>\$8,833</b>	<b>7.7%</b>	<b>(68.6%)</b>	<b>1.63x</b>	<b>NM</b>	<b>29.4x</b>	<b>25.1x</b>	<b>NM</b>
<b>HCIT</b>	<b>28</b>	<b>\$61,193</b>	<b>11.8%</b>	<b>(10.2%)</b>	<b>3.37x</b>	<b>24.9x</b>	<b>19.8x</b>	<b>41.2x</b>	<b>3.7x</b>
<b>Other Outsourced Services</b>									
Care Management/Third-Party Administrator	5	\$7,559	7.6%	(10.8%)	1.30x	12.2x	24.7x	15.4x	NM
Clinical Laboratories	10	60,243	6.6%	(14.1%)	2.59x	10.3x	15.8x	14.3x	(0.6x)
Contract Research Organizations	4	85,327	11.8%	(8.6%)	3.37x	18.0x	35.0x	20.4x	1.4x
Hospital Vendors	2	5,378	2.0%	(35.8%)	1.48x	17.1x	36.0x	27.4x	3.6x
<b>Products</b>									
Distribution	6	\$112,420	5.6%	34.1%	0.43x	11.8x	22.3x	13.3x	2.2x
Home Medical Equipment	4	\$3,517	23.8%	(0.3%)	1.76x	11.2x	29.3x	18.4x	NM
<b>Healthcare REITs</b>	<b>13</b>	<b>\$104,623</b>	<b>5.4%</b>	<b>(8.3%)</b>	<b>12.58x</b>	<b>19.3x</b>	<b>25.3x</b>	<b>37.1x</b>	<b>NM</b>

Source: S&P Global Market Intelligence as of July 31, 2022; includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

# Healthcare Services Sector Update

Market Indices	Value at	% Change			
	7/31/2022	1 mo	YTD	12 mo	36 mo
S&P 500	4,130.3	9.1%	(13.3%)	(6.0%)	38.6%
NASDAQ Composite Index	12,390.7	12.3%	(20.8%)	(15.6%)	51.6%
Russell 2000 Index	1,885.2	10.4%	(16.0%)	(15.3%)	19.7%
S&P Composite 1500 Health Care Facilities (Sub Ind)	487.0	22.1%	(13.1%)	(15.5%)	43.4%
S&P Composite 1500 Health Care Providers & Services (Industry)	1,618.2	6.0%	3.5%	17.6%	79.6%
S&P Composite 1500 Managed Health Care (Sub Ind)	3,141.9	4.8%	7.0%	27.6%	96.1%
<b>S&amp;P Health Care Services Select Industry Index</b>	<b>14,460.0</b>	<b>15.4%</b>	<b>(10.5%)</b>	<b>(15.1%)</b>	<b>41.9%</b>

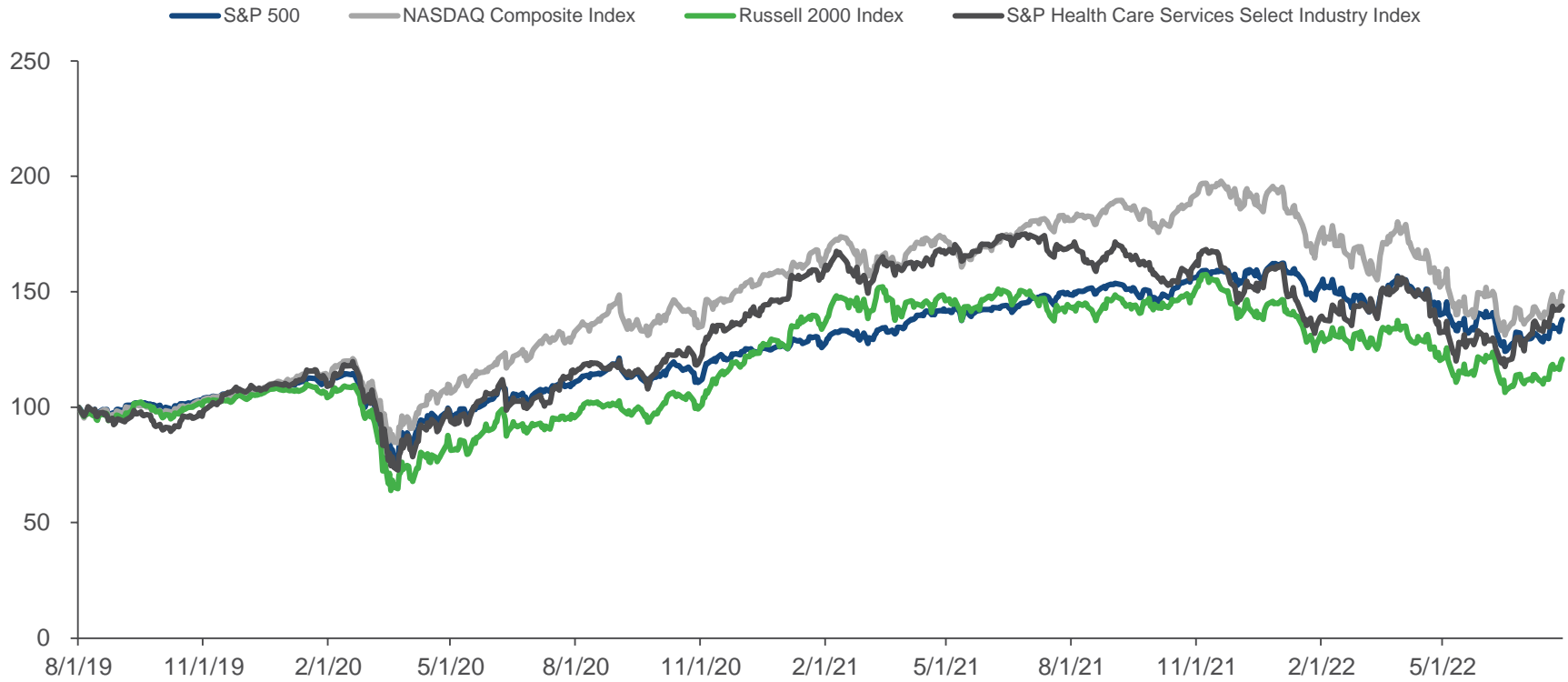
Interest Rates	Value at	1 mo	3 mo	12 mo
	7/31/2022	ago	ago	ago
LIBOR - USD - 6 months	3.33%	2.94%	1.91%	0.15%
U.S. Treasury - 2 years	2.89%	2.92%	2.70%	0.19%
U.S. Treasury - 5 years	2.70%	3.00%	2.92%	0.69%
U.S. Treasury - 10 years	2.64%	2.97%	2.89%	1.24%
U.S. Treasury - 30 years	2.98%	3.12%	2.95%	1.90%
U.S. Prime Rate	5.50%	4.75%	3.50%	3.25%

Capitalization Profile	No. of Co's	Avg. Equity Mkt. Value	% Total No. of Co's	% Ag. Mkt. Value	Average Stock Performance			
					1 mo	YTD	12 mo	36 mo
> \$5 billion	41	\$1,373,403	30.6%	91.0%	9.7%	(6.2%)	(4.4%)	49.7%
\$1 billion - \$5 billion	45	118,506	33.6%	7.8%	13.0%	(12.1%)	(21.7%)	114.5%
\$250 million - \$1 billion	26	14,947	19.4%	1.0%	7.5%	(29.0%)	(44.3%)	(23.2%)
\$100 million - \$250 million	12	2,313	9.0%	0.2%	8.4%	(51.2%)	(62.0%)	(20.8%)
< \$100 million	10	550	7.5%	0.0%	5.5%	(42.3%)	(49.2%)	(34.7%)

Source: S&P Global Market Intelligence as of July 31, 2022; includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

# Healthcare Services Market Performance

Performance of Market Indices for Latest 36 Months



Source: S&P Global Market Intelligence.

# Healthcare Services Sector Change .o

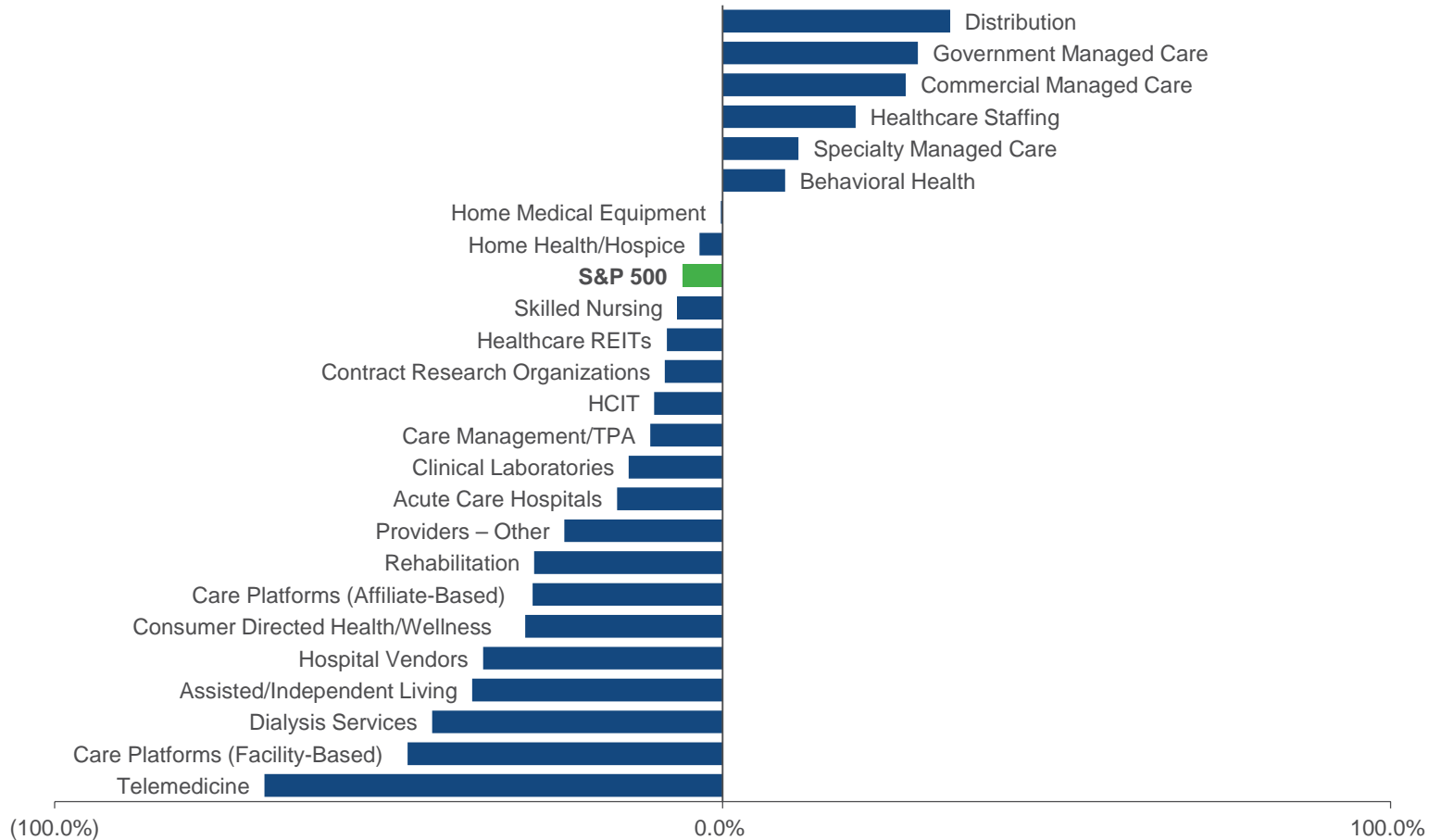
## Average % - 1 Month Change



Source: S&P Global Market Intelligence as of July 31, 2022; includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

# Healthcare Services Sector Change

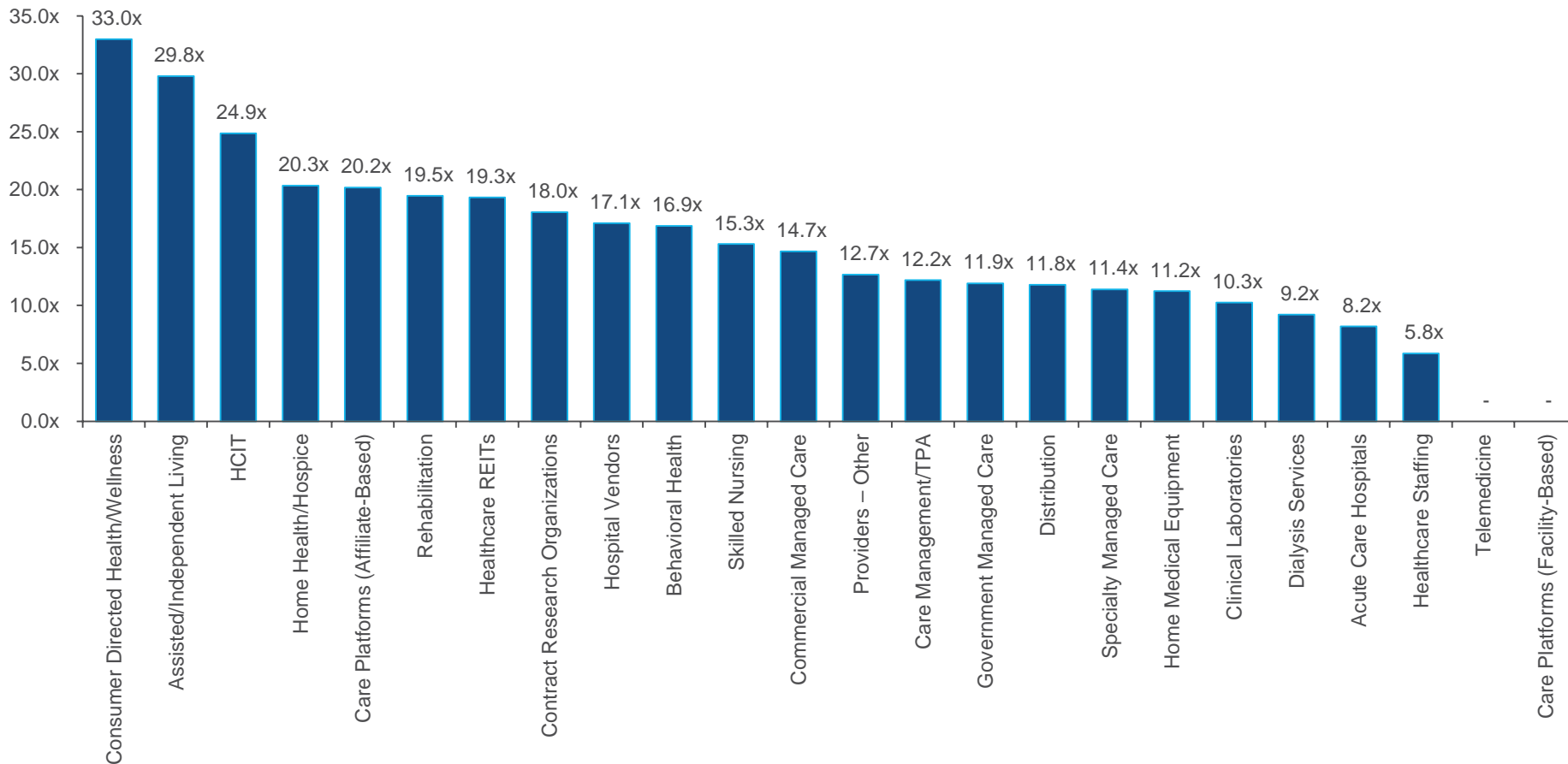
Average % - 12 Month Change



Source: S&P Global Market Intelligence as of July 31, 2022; includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

# Healthcare Services Multiples

Overview of Subsector EV/LTM EBITDA



Source: S&P Global Market Intelligence as of July 31, 2022; includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.



# We Help Clients Manage Risk, Build Good Governance and Grow

## VALUATION

Valuation of businesses, assets and alternative investments for financial reporting, tax and other purposes.

## COMPLIANCE AND REGULATION

End-to-end governance, advisory and monitorship solutions to detect, mitigate and remediate operational security, legal, compliance and regulatory risk.

## CORPORATE FINANCE AND RESTRUCTURING

Comprehensive corporate finance, investment banking and restructuring support to clients, investors and stakeholders.

## CYBER RISK

Incident response, digital forensics, breach notification, managed detection services, penetration testing, cyber assessments and advisory.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Policies and procedures, screening and due diligence, disclosures and reporting and investigations, value creation and monitoring.

## INVESTIGATIONS AND DISPUTES

Worldwide expert services and tech-enabled advisory through all stages of diligence, forensic investigation, litigation and testimony.

## BUSINESS SERVICES

Technology-enabled legal and business solutions for corporate restructurings, notice and claims agent services, settlement administrations, issuer services, agent and trustee services, and other complex support needs.

# Appendix | Selected Companies

## Acute Care Hospitals (4)

Community Health Systems, Inc. (NYSE:CYH), HCA Healthcare, Inc. (NYSE:HCA), Tenet Healthcare Corporation (NYSE:THC), Universal Health Services, Inc. (NYSE:UHS)

## Assisted/Independent Living (3)

AlerisLife Inc. (NasdaqCM:ALR), Brookdale Senior Living Inc. (NYSE:BKD), Sonida Senior Living, Inc. (NYSE:SNDA)

## Behavioral Health (2)

Acadia Healthcare Company, Inc. (NasdaqGS:ACHC), LifeStance Health Group, Inc. (NasdaqGS:LFST)

## Dialysis Services (2)

DaVita Inc. (NYSE:DVA), Fresenius Medical Care AG & Co. KGaA (DB:FME)

## Healthcare Staffing (2)

AMN Healthcare Services, Inc. (NYSE:AMN), Cross Country Healthcare, Inc. (NasdaqGS:CCRN)

## Home Health/Hospice (9)

Addus HomeCare Corporation (NasdaqGS:ADUS), Amedisys, Inc. (NasdaqGS:AMED), Aveanna Healthcare Holdings Inc. (NasdaqGS:AVAH), Chemed Corporation (NYSE:CHE), InnovAge Holding Corp. (NasdaqGS:INNV), LHC Group, Inc. (NasdaqGS:LHCG), ModivCare Inc. (NasdaqGS:MODV), Option Care Health, Inc. (NasdaqGS:OPCH), Pennant Group, Inc. (NasdaqGS:PNTG)

## Rehabilitation (5)

ATI Physical Therapy, Inc. (NYSE:ATIP), Encompass Health Corporation (NYSE:EHC), Select Medical Holdings Corporation (NYSE:SEM), The Joint Corp. (NasdaqCM:JYNT), U.S. Physical Therapy, Inc. (NYSE:USPH)

## Skilled Nursing (2)

National HealthCare Corporation (NYSEAM:NHC), The Ensign Group, Inc. (NasdaqGS:ENSG)

## Care Platforms (Affiliate-Based) (4)

Privia Health Group, Inc. (NasdaqGS:PRVA), agilon health, inc. (NYSE:AGL), Apollo Medical Holdings, Inc. (Nasdaq:AMEH), P3 Health Partners Inc. (Nasdaq:PIII)

## Care Platforms (Facility-Based) (4)

1Life Healthcare, Inc. (NasdaqGS:ONEM), Cano Health, Inc. (NYSE:CANO), CareMax, Inc. (Nasdaq:CMAX), Oak Street Health, Inc. (NYSE:OSH)

## Providers – Other (5)

Pediatrix Medical Group, Inc. (NYSE:MD), Nutex Health, Inc. (NasdaqCM:NUTX), The Oncology Institute, Inc. (Nasdaq:TOI), RadNet, Inc. (NasdaqGM:RDNT), Surgery Partners, Inc. (NasdaqGS:SGRY)

## Commercial Managed Care (5)

Elevance Health Inc. (NYSE:ELV), Cigna Corporation (NYSE:CI), Humana Inc. (NYSE:HUM), Progyny, Inc. (NasdaqGS:PGNY), UnitedHealth Group Incorporated (NYSE:UNH)

## Government Managed Care (3)

Alignment Healthcare, Inc. (NasdaqGS:ALHC), Centene Corporation (NYSE:CNC), Molina Healthcare, Inc. (NYSE:MOH)

Source: S&P Global Market Intelligence as of July 31, 2022; includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

# Appendix | Selected Companies

## Specialty Managed Care (1)

Assurant, Inc. (NYSE:AIZ)

## Consumer Directed Health and Wellness (4)

Benefitfocus, Inc. (NasdaqGM:BNFT), HealthEquity, Inc. (NasdaqGS:HQY), Owlet, Inc. (NYSE:OWLTL), Sharecare, Inc. (Nasdaq:SHCR)

## Telemedicine (7)

American Well Corporation (NYSE:AMWL), Babylon Holdings Limited (NYSE:BBLN), DocGo Inc. (Nasdaq:DCGO), Medica Group Plc (LSE:MGP), Talkspace, Inc. (Nasdaq:TALK), Teladoc Health, Inc. (NYSE:TDOC), UpHealth, Inc. (NYSE:UPH)

## HCIT (28)

Accolade, Inc. (NasdaqGS:ACCD), Allscripts Healthcare Solutions, Inc. (NasdaqGS:MDRX), CareCloud, Inc. (NasdaqGM:MTBC), Certara, Inc. (NasdaqGS:CERT), Change Healthcare Inc. (NasdaqGS:CHNG), Computer Programs and Systems, Inc. (NasdaqGS:CPSI), Convey Health Solutions Holdings, Inc. (NYSE:CNVY), Craneware plc (AIM:CRW), Definitive Healthcare Corp. (NasdaqGS:DH), Doximity, Inc. (NYSE:DOCS), Evolent Health, Inc. (NYSE:EVH), GoodRx Holdings, Inc. (NasdaqGS:GDRX), Health Catalyst, Inc. (NasdaqGS:HCAT), Healthcare Triangle, Inc. (NasdaqCM:HCTI), HealthStream, Inc. (NasdaqGS:HSTM), NantHealth, Inc. (NasdaqGS:NH), National Research Corporation (NasdaqGS:NRC), NextGen Healthcare, Inc. (NASDAQ:NXGN), Omnicell, Inc. (NasdaqGS:OMCL), OptimizeRx Corporation (NASDAQ:OPRX), Pear Therapeutics, Inc. (Nasdaq:PEAR), Phreesia, Inc. (NYSE:PHR), Premier, Inc. (NasdaqGS:PINC), R1 RCM Inc. (NasdaqGS:RCM), Science 37 Holdings, Inc. (NasdaqGM:SNCE), Signify Health, Inc. (NYSE:SGFY), Streamline Health Solutions, Inc. (NasdaqCM:STRM), Tabula Rasa HealthCare, Inc. (NasdaqGM:TRHC)

## Care Management/TPA (5)

CorVel Corporation (NasdaqGS:CRVL), Crawford & Company (NYSE:CRD.B), eHealth, Inc. (NasdaqGS:EHTH), Marpai, Inc. (NasdaqCM:MRAI), Maximus, Inc. (NYSE:MMS)

## Clinical Laboratories (10)

23andMe Holding Co. (Nasdaq:ME), Biodesix, Inc. (NasdaqGM:BDSX), Fulgent Genetics, Inc. (NasdaqGM:FLGT), Invitae Corporation (NYSE:NVTA), Laboratory Corporation of America Holdings (NYSE:LH), Biora Therapeutics, Inc. (NasdaqGM:BIOR), Psychemedics Corporation (NasdaqCM:PMD), Quest Diagnostics Incorporated (NYSE:DGX), Sonic Healthcare Limited (ASX:SHL), Sotera Health Company (NasdaqGS:SHC)

## Contract Research Organizations (4)

Charles River Laboratories International, Inc. (NYSE:CRL), ICON Public Limited Company (NasdaqGS:ICLR), Syneos Health, Inc. (NasdaqGS:SYNH), IQVIA Holdings Inc. (NYSE:IQV)

## Hospital Vendors (2)

Healthcare Services Group, Inc. (NasdaqGS:HCSG), Stericycle, Inc. (NasdaqGS:SRCL)

## Distribution (6)

AmerisourceBergen Corporation (NYSE:ABC), Cardinal Health, Inc. (NYSE:CAH), Henry Schein, Inc. (NasdaqGS:HSIC), McKesson Corporation (NYSE:MCK), Owens & Minor, Inc. (NYSE:OMI), Patterson Companies, Inc. (NasdaqGS:PDCO)

## Home Medical Equipment (4)

AdaptHealth Corp. (NasdaqCM:AHCO), Great Elm Group, Inc. (NasdaqGS:GEG), Quipt Home Medical Corp. (TSXV:QIPT), Viamed Healthcare, Inc. (TSX:VMD)

## Healthcare REITs (13)

CareTrust REIT, Inc. (NYSE:CTRE), Community Healthcare Trust Incorporated (NYSE:CHCT), Healthcare Realty Trust Incorporated (NYSE:HR), LTC Properties, Inc. (NYSE:LTC), Medical Properties Trust, Inc. (NYSE:MPW), National Health Investors, Inc. (NYSE:NHI), Omega Healthcare Investors, Inc. (NYSE:OHI), Physicians Realty Trust (NYSE:DOC), Sabra Health Care REIT, Inc. (NasdaqGS:SBRA), Diversified Healthcare Trust (NasdaqGS:DHC), Universal Health Realty Income Trust (NYSE:UHT), Ventas, Inc. (NYSE:VTR), Welltower Inc. (NYSE:WELL)

Source: S&P Global Market Intelligence as of July 31, 2022; includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

## Other Insights:

### Q2 2022 Threat Landscape:

### Ransomware Returns, Healthcare Hit



In Q2 2022, Kroll observed a 90% increase in cyberattacks against the health care sector.

Read our latest Threat Landscape Report for more valuable insights and other key threat intelligence trends.

[Download the Report](#)



For the detailed July trading multiples for individual healthcare services companies, please contact one of our professionals below.

**Brooks Dexter**

Managing Director  
Head of Healthcare M&A  
Los Angeles  
+1 310 850 8714  
[brooks.dexter@kroll.com](mailto:brooks.dexter@kroll.com)

**Eric Coburn**

Managing Director  
New York  
+1 917 692 6283  
[eric.coburn@kroll.com](mailto:eric.coburn@kroll.com)

**Priyanka Sharma**

Managing Director  
New York  
+1 917 455 8308  
[priyanka.sharma@kroll.com](mailto:priyanka.sharma@kroll.com)

**Peter Machmeier**

Director  
Minneapolis  
+1 612 849 3792  
[peter.machmeier@kroll.com](mailto:peter.machmeier@kroll.com)

**Cray Yoo**

Vice President  
Los Angeles  
+1 310 498 2500  
[cray.yoo@kroll.com](mailto:cray.yoo@kroll.com)

**About Kroll**

Kroll provides proprietary data, technology and insights to help our clients stay ahead of complex demands related to risk, governance and growth. Our solutions deliver a powerful competitive advantage, enabling faster, smarter and more sustainable decisions. With 5,000 experts around the world, we create value and impact for our clients and communities. To learn more, visit [www.kroll.com](http://www.kroll.com).

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Kroll Securities, LLC (member FINRA/SIPC). M&A advisory, capital raising and secondary market advisory services in the United Kingdom are provided by Kroll Securities Ltd., which is authorized and regulated by the Financial Conduct Authority (FCA). Valuation Advisory Services in India are provided by Kroll Advisory Private Limited (formerly, Duff & Phelps India Private Limited), under a category 1 merchant banker license issued by the Securities and Exchange Board of India.

© 2022 Kroll, LLC. All rights reserved.

The material in this report is for information purposes only and is not intended to be relied upon as financial, accounting, tax, legal, or other professional advice. This report does not constitute, and should not be construed as soliciting or offering any investment or other transaction, identifying securities for you to purchase or offer to purchase, or recommending acquisition or disposition of any investment. Kroll does not guarantee the accuracy or reliability of any data provided from third party resources. Although we endeavor to provide accurate information from third party sources, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.