HealthManagement
Promoting Management and Leadership

HIT M&A Activity Slowing Down?

Healthcare tech merger and acquisition activity along with general healthcare was down in the third quarter of 2016 says Healthcare IT News.

According to Healthcare M&A.com, generally, in comparison with Q2, the volume of deals dropped 11 percent to 369 transactions.

In healthcare technology side, biotechnology and medical devices were the sole sectors showing a rise in deal volume. Biotechnology deals rose 58 percent in comparison to the second quarter while medical device transactions increased 19 percent.

Overall, M&A deal volume in the third quarter was lower year-on-year. Activity data showed 10 percent fewer transactions from the 411 recorded in the same period in 2015. Total spending in the Q3 this year came to $48 billion, representing a decrease of 46 percent compared to Q2 when $88.3 billion was spent.

“Healthcare deal volume is showing signs of slowing down, after two years of record growth,” according to Lisa E. Phillips, editor of HealthCareMandA.com.

See Also: **Mergers Rise in 2016: Response to Value-based Care Drive**

Philips went on to say that the important takeaway was that a slowdown was not a complete halt. “But it’s obvious the deal flow pace would have to pick up rapidly to beat last year’s record of more than 1,500 deals.

M&A activity in healthcare has risen steadily as providers and stakeholders join forces for more economical and better care needed to meet new policy requirements. But with the presidential poll this month and the Federal Reserve’s expected increase in interest rates in December, Philips sad that 2016 wasn’t turning out to look like the record-beating year some observers were expecting.

Healthcare services comprised 59 percent of Q3’s transaction total, compared to the 61 percent share reported in Q2 this year and the 62 percent share recorded in 2015’s third quarter. The services sector showed strong investor interest.

Long-Term Care which has been on the rise for a prolonged period recorded 71 transactions in Q3 which was 19 percent lower than the previous quarter.

Source: Healthcare IT News

Image Credit: Forbes

Published on : Mon, 31 Oct 2016