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The New Playbook for Home-Based Care M&A Why 2026 Will Reward Quality, Not Scale

Executive Summary

The home-based care M&A market has re-opened, but under fundamentally different rules.

For much of the past decade, buyers pursued a familiar thesis: acquire fragmented operators, build scale, create density, and exit at a premium multiple. Cheap capital supported aggressive platform formation, and valuation often rewarded growth faster than operational discipline.

That environment has ended.

In 2026, investors are no longer underwriting scale as a substitute for quality. They are underwriting clinical consistency, documentation integrity, payer durability, labor stability, and management sophistication. As a result, the market is now defined by valuation dispersion. Premium assets still command competitive processes and strong multiples, while operators with compliance gaps, reimbursement concentration, or unstable labor models face material discounts.

At the same time, strategic priorities are shifting. The next wave of value creation will come less from standalone scale and more from continuum integration: connecting personal care, home health, hospice, and adjacent services into coordinated, outcomes-driven platforms.

The conclusion is clear: the next generation of winners will not be those who buy the most assets, but those who build the most durable platforms.

I. The Market Has Reopened, But It Is a Different Market

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II. Valuation Has Shifted from Scale to Quality

Scale still matters, but only when supported by operational integrity.

Buyers now focus on what can be described as quality alpha: the premium created by compliance discipline, payer strength, workforce stability, and repeatable execution.

Clinical documentation sits at the center of valuation. Eligibility support, face-to-face compliance, audit readiness, therapy utilization, and length-of-stay management are primary drivers of buyer confidence. In hospice, heightened CMS scrutiny has made documentation integrity one of the strongest determinants of premium valuation.

Payer mix is equally important. Medicare fee-for-service remains the gold standard, while Medicare Advantage creates margin compression and authorization complexity. Diversified reimbursement and strong managed care contracting increasingly support premium outcomes.



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Labor stability has become a strategic asset. Strong caregiver retention, stable clinical leadership, and continuity in the back office reduce post-close integration risk.

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III. The Center of Gravity Is Moving to Continuum Integration

The first wave of private equity investment focused on geographic roll-ups: acquire fragmented operators, centralize functions, and exit at a higher multiple.

That strategy is no longer sufficient.

The next wave of value creation is being driven by continuum integration. Buyers are increasingly pursuing combinations that connect personal care, home health, hospice, palliative care, and physician relationships into coordinated care models.

This is a direct response to value-based reimbursement. As hospitals and health systems become financially accountable for post-acute outcomes, high-performing home-based care providers become strategic partners rather than outsourced vendors.

The value of a home health or hospice business increasingly depends on where it sits within the broader care continuum, not simply how large it is in isolation. Partnerships that improve continuity across the patient journey are often more valuable than aggressive standalone expansion.

The strongest platforms will be those that control multiple points of care and convert that position into referral strength, payer leverage, and better outcomes.

IV. Mid-Market Consolidation Will Define the Cycle

2026 is unlikely to be defined by mega-transactions. The most important activity will occur in the middle market.

Deals in the \$30 million to \$50 million range are expected to drive meaningful volume, particularly in hospice and home health. Buyers remain highly active, but they are prioritizing targeted bolt-on acquisitions and regional density over national scale.

Fragmentation remains substantial, and many of the most attractive targets are founder-owned regional operators with strong local referral relationships. These businesses often create more value as bolt-ons than as standalone platforms.



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Smaller transactions also reduce integration risk, particularly in regulated segments where operational mistakes are costly.

The strategic objective is no longer national breadth. It is regional dominance with operational control.

V. Regulation Is Now the Primary Gatekeeper

Regulation is no longer a background issue. It is often the single most important determinant of whether a deal closes.

CMS oversight has intensified across both home health and hospice. Expanded audits, provider enrollment scrutiny, and stricter documentation requirements have materially changed buyer behavior.

The CY 2026 Home Health Final Rule reduced the expected reimbursement cut to an estimated aggregate decline of roughly 1.3%, improving underwriting visibility but not removing margin pressure. Hospice reimbursement remains comparatively favorable, with a 2.6% payment increase, though that benefit is offset by significantly greater compliance scrutiny.

In practice, buyers underwrite downside regulatory risk before they underwrite growth upside.

A business with strong EBITDA but weak compliance infrastructure is often worth less than a smaller operator with pristine documentation and stable clinical processes.

VI. Private Equity Is Back, But More Disciplined

Private equity (also known as Sponsors) remains the dominant force in home-based care M&A, but the playbook has changed.

The growth-at-all-costs model has been replaced by disciplined underwriting and execution-focused investing.

Sponsors now have clearer visibility into platform valuations, add-on pricing, and exit arbitrage. This has increased appetite for both platform investments and tuck-in acquisitions, particularly in the \$5 million to \$20 million revenue range where geographic density can be added efficiently.

At the same time, the definition of a premium asset has become far stricter. Buyers place greater emphasis on management depth, reporting infrastructure, compliance maturity, and operational scalability.

The goal is no longer simply to acquire revenue. It is to acquire an institution capable of supporting the next stage of growth.

Competition will intensify, but only for businesses that can withstand institutional scrutiny.

Conclusion: The Industry Has Matured

Home-based care M&A is no longer an inefficiency-driven growth story.

It has matured into a disciplined market where operational excellence determines valuation, integration strategy determines returns, and compliance determines survivability.

In prior cycles, scale often masked operational weakness. In 2026, it amplifies it. Buyers are conducting deeper diligence, underwriting downside risk more aggressively, and assigning premium value only to businesses that demonstrate repeatable execution.

For owners, premium outcomes remain achievable, but they require preparation well before a transaction process begins. The strongest exits will come from businesses built to withstand institutional scrutiny, not simply those that have reached a certain size threshold.















































For investors, the lesson is equally clear. The most valuable platforms will not be those that accumulate the greatest number of assets, but those that create the strongest operating systems: trusted referral ecosystems, stable clinical infrastructure, disciplined compliance, and meaningful positioning across the broader care continuum.

The next cycle of winners will not be built through scale alone.

They will be built through durability.

With 300+ Completed Transactions In The Firm's 26-Year History, Hexagon Capital Alliance's Investment Bankers Know The Appropriate Industry-Specific Strategic Buyers, Private Equity Groups, And Family Offices To Approach On Behalf Of Our Clients.

Select Healthcare Services Transactions

 <p>has been acquired by</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 	 <p>a portfolio company of</p>  <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> <p>Confidential Buyer</p>	 <p>has been acquired by</p> 	 <p>formed an affiliation with</p> 	<p>Provided investment banking services to</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	<p>Provided investment banking services to</p> 	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	<p>Home Pharmacy of California</p> <p>has been acquired by</p> 	 <p>has been acquired by</p> 
<p>Community Psychiatry</p> <p>has been acquired by</p> 	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 	<p>Anesthesia Services Inc.</p> <p>has been acquired by</p> 	 <p>has been acquired by</p> 

* Represents a transaction executed by principals of Hexagon Capital Alliance at a prior firm