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Weekly Newsletter

January 5th, 2026

AMB | Investment Banking
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Market Updates

2026 Outlook: Hybrid care companies poised for growth driven by economic, policy tailwinds

There are a lot of predictions that artificial intelligence doctors are coming soon. A look at the investment market confirms the industry is buzzing around AI healthcare startups. But AI chatbots can only get patients so far. At some point, most medical treatment, especially specialty care, requires a face-to-face encounter with a physician. Hybrid care companies that combine in-person medical services and virtual care services are poised for strong growth, many industry executives say, buoyed by economic and workforce trends, federal policy changes and the rising demand for care.

Behavioral health providers look back on lessons learned in 2025

While 2025 fell short of the dealmaking boom many behavioral health stakeholders anticipated, providers still gained valuable insights over the past twelve months. One of the biggest takeaways: payers and investors are demanding true value from providers beyond just access to care. One of the main ways that providers will be tasked with demonstrating value in the future is having a set of industry standards. Providers have also seen an uptick in interest in integrated care models–particularly when it comes to women's health.

Rural Health Transformation Program awards announced—Here's who's getting the most in FY2026

Texas and Alaska will receive the largest amount of funding from the $50 billion Rural Health Transformation Program in fiscal year 2026, while New Jersey and Connecticut will see the least, the Centers for Medicare & Medicaid Services (CMS) announced Monday. Under the statute, half of the $10 billion-per-year distribution is split between the states evenly. The remaining half is determined by the CMS based on how well the states' pitches met goals of strengthening rural health prevention and more.

Healthcare Operators

Hartford HealthCare closes $86.1 million acquisition of Prospect hospitals

Hartford HealthCare closed its $86.1 million purchase of two Connecticut cate care hospitals, the 249-bed Manchester Memorial and its 109-bed Rockville campus, plus their related assets, from bankrupt Prospect Medical Holdings on Jan. 1. The transaction comes after the system spent months securing regulatory and state approvals, which involved commitments to maintain certain services and limit its rate negotiations with payers during the next few years. The most recent of these, an agreement with Connecticut Attorney General William Tong, came on Dec. 29

Maimonides Health to merge with NYC Health + Hospitals supported by $2.2 billion state grant

Brooklyn, New York-based Maimonides Health is merging with New York City's public health system NYC Health + Hospitals, the organizations announced Dec. 29. The merger is pending final legal and regulatory approval but is expected to be finalized by April, city officials said. The partnership is supported by $2.2 billion over five years from New York state to protect safety net healthcare in Brooklyn, officials said.

The business case for ambulatory growth, despite lower pay

Health system C-suites across the U.S. are targeting ambulatory care expansion for 2026 as pressure mounts to lower cost of care and deliver on value-based promises. Even the nation's largest health systems are strengthening their ambulatory footprints. Chicago-based CommonSpirit Health, which operates in 28 states, is focused on outpatient growth. Expanding outpatient centers and telehealth can create more local access points for care delivery, but it's expensive to build.

Healthcare Legislative and Legal Updates

DEA issues 4th extension of telehealth controlled substance flexibilities as debate enters 6th year

The Drug Enforcement Administration (DEA) published a yearlong extension of telemedicine prescribing flexibilities for controlled substances Tuesday, just one day before the end of the year, when the flexibilities would expire. The so-called "fourth temporary extension" represents an unsolved debate entering its sixth year: How can the DEA keep controlled substances from being abused via the internet in the era of telehealth? Because the Department of Health and Human Services and the DEA haven't figured out a long-term solution, the pandemic-era prescribing flexibilities for controlled substances remain in place, now extended for a fourth time.

Time's up: Enhanced ACA subsidies expire

More generous subsidies for Affordable Care Act plans officially lapsed on Wednesday, despite a monthslong battle in Congress over a potential extension. The subsidies' fate was set in stone after lawmakers departed for the holidays without taking action to prevent the expanded financial assistance, which has helped millions of Americans afford insurance since the coronavirus pandemic, from sunsetting. Congress could still bring them back in the new year, an option backed by Democrats.

Judge orders temporary pause to contentious 340B rebate pilot

The hospital lobby has scored a court-ordered pause on the federal government's 340B Rebate Model Pilot Program just days before it was set to begin. On Dec. 29, U.S. District Judge Lance Walker, the chief of the U.S. District Court for the District of Maine, ordered a preliminary injunction against the "hastily assembled" pilot set to kick off on Jan. 1 on the basis of "likely" violation of the Administrative Procedure Act's (APA's) arbitrary and capricious standard.

Transactions Overview

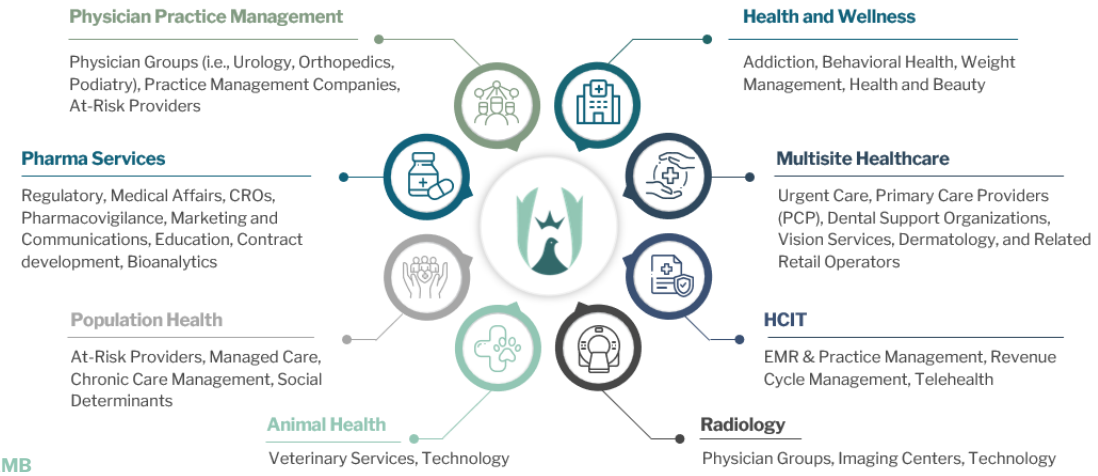
Select M&A Transactions from 12/29/2025 to 01/04/2026

Date	Target	Buyer/Investor	Description	Status	Healthcare Vertical
01/02/2026	Prospect Medical Holdings	Hartford Health	Operator of two Connecticut cate care hospitals - the 249-bed Manchester Memorial and 109-bed Rockville campus.	Closed	Health System
12/31/2025	Owens & Minor Products & Healthcare Services Business	Platinum Equity	Operator of a vertically integrated medical supply distribution platform primarily serving the acute care market.	Closed	Medical Supplies
12/31/2025	Frontier Direct Care	Health Advance Partners	Operator of a direct primary care platform offering employers membership-based primary care with no co-pays, transparent specialty care pricing, and pharmacy services.	Closed	HS: Employer Services
12/29/2025	Halda Therapeutics	Johnson & Johnson	Operator of a clinical-stage biotechnology company with a proprietary platform to develop oral, targeted therapies for multiple types of solid tumors, including prostate cancer.	Closed	Biotech
12/29/2025	Maimonides Health / NYC Health	Maimonides Health / NYC Health	Operator of a Brooklyn healthcare system with three hospitals and more than 80 community-based sites.	Announced	Health System

Based on publicly available information
The transactions featured in this week's newsletter represent a collection of notable deals, and unless stated otherwise, ambwealth was not involved in these transactions.

AMB at a Glance

AMB focuses on healthcare niches where consumerism and fragmentation meet to disrupt traditional healthcare channels. We are currently most active in the following segments:



Research

New sector insights each month

For our recent sector insights, click below

Learn More

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