



**amb** | investment banking

**Weekly Newsletter**

January 20<sup>th</sup>, 2026

**AMB | Investment Banking**

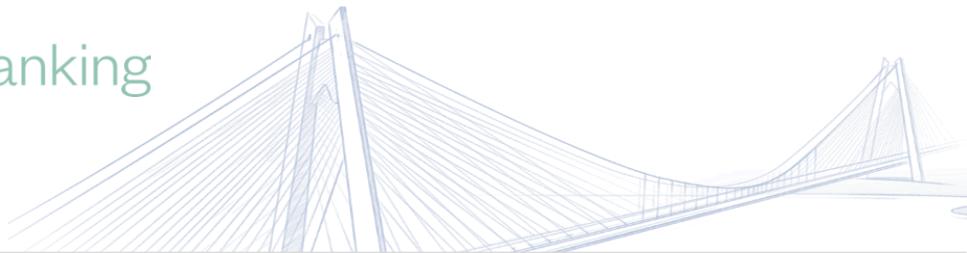
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## Weekly Newsletter

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## Market Updates

### **Uncertainty, financial distress dominated hospital M&A in 2025**

Even if things sped up in the final quarter, 2025 was a down year for hospital merger and acquisition activity in which financial distress drove an outsized portion of the dealmaking, healthcare advisory firm Kaufman Hall wrote in a year-end report. Forty-six hospital and health system transactions were announced across the entirety of 2025, well below 2024's 72 and the lowest since 2011. Total transacted revenue was \$18.5 billion, below the \$39.7 billion of 2024 and an eight-year low. Those numbers come despite a comeback in dealmaking that began in Q3 and picked up more steam in the final quarter with 17 new announcements.

### **Medicare Advantage overpayments will total \$76 billion this year: MedPAC**

The federal government will pay an estimated \$76 billion more to cover Medicare Advantage seniors this year than it would if those same seniors were in traditional Medicare, according to new estimates from an influential advisory group. It's a smaller sum than last year thanks to the continued phase-in of a new risk adjustment model. Overpayments were estimated to reach \$84 billion in 2025. Still, the report released Friday by the Medicare Payment Advisory Commission is likely to add more fuel to concerns about overpayments.

### **Trump takes aim at insurance industry, drug prices in unveiling 'The Great Healthcare Plan'**

Called "The Great Healthcare Plan," Trump's proposal would send the value of the now-lapsed Affordable Care Act (ACA) enhanced subsidies directly to consumers rather than route the tax credits through their insurer to bring down premiums. Trump said the funds would be deposited into a health savings account in the individual's name. Generally, individuals cannot apply funds from HSAs toward premiums, and it's unclear whether the White House plan would make changes to enable this.

## Healthcare Operators

### **Digital health funding increases in 2025, spurred by AI: report**

U.S. digital health startups raised \$14.2 billion last year — the highest funding total in the sector since 2022, the venture capital firm and advisory said. In comparison, companies brought in \$10.5 billion in venture capital investment in 2024. Firms touting AI offerings collected 54% of total funding in 2025, up from 37% in the previous year. These startups also raised larger rounds, scoring a 19% premium on average deal size compared with companies that didn't focus on AI. Still, many digital health firms faced challenges in 2025. One sign is a relatively high number of unlabeled rounds, where raises aren't assigned a letter like Series A or B.

### **OpenAI acquires healthcare startup Torch to build out ChatGPT Health**

OpenAI acquired Torch, a healthcare startup that unifies lab results, medications and recordings from doctor visits, as the foundation artificial intelligence model company builds out ChatGPT Health. The Information reported the deal was valued at around \$100 million. The Torch app, which is only a year old, is designed to gather users' medical information from hospitals, labs, wearables and consumer testing companies into one place.

### **Health system-backed Hippocratic AI acquires life sciences startup**

Healthcare generative AI startup Hippocratic AI, which several health systems have invested in, is moving into life sciences with its acquisition of Grove AI. Hippocratic AI has also named a president of life sciences, appointed a life sciences executive advisory council, and partnered with Boston Consulting Group on life sciences strategy. The deal for Grove AI, which was unveiled Jan. 12, gives Hippocratic AI agentic AI capabilities for pharma research and development and clinical trial operations.

## Healthcare Legislative and Legal Updates

### **JPM26: Dr. Oz, CMS leaders make their pitch to hospitals, payers on Trump admin healthcare policies**

By 2028, CMS' vision is to demonstrate advancements with interoperability, price transparency and improved access to digital health tools, Oz said. This past summer, CMS announced a multipronged effort from major payers to reform the oft-criticized prior authorization process. The agency also plans to rebuild CMS's outdated infrastructure. Of note, just last week, CMS released a request for information (RFI) to get input on replacing its Medicare claims processing system with a real-time, cloud-based platform. The Trump administration has also prioritized rooting out fraud, waste and abuse.

### **Workforce stability, IT modernization lead rural transformation priorities**

Rural hospitals preparing to deploy federal Rural Health Transformation Program funding say workforce stability, cybersecurity and technology modernization are top early priorities, even as many continue to struggle with health IT tools designed for larger urban systems, according to a new survey. Workforce recruitment and retention emerged as a leading first-year priority for Rural Health Transformation Program investments, with 74% of respondents ranking it among their top two concerns.

### **ACA signups lag as enrollment deadline nears**

Enrollment in Affordable Care Act plans for 2026 is dragging compared to 2025, but remains higher than market watchers anticipated given the sharp premium increases facing consumers this year. On Monday, the CMS released its latest snapshot of ACA signups. Through early January, 22.8 million consumers signed up for ACA coverage, lagging the 23.6 million signups in the same period last year by about 3%. However, this snapshot indicates potentially less drastic enrollment losses than initially estimated.

# Transactions Overview

## Select M&A Transactions from 01/12/2026 to 01/18/2026

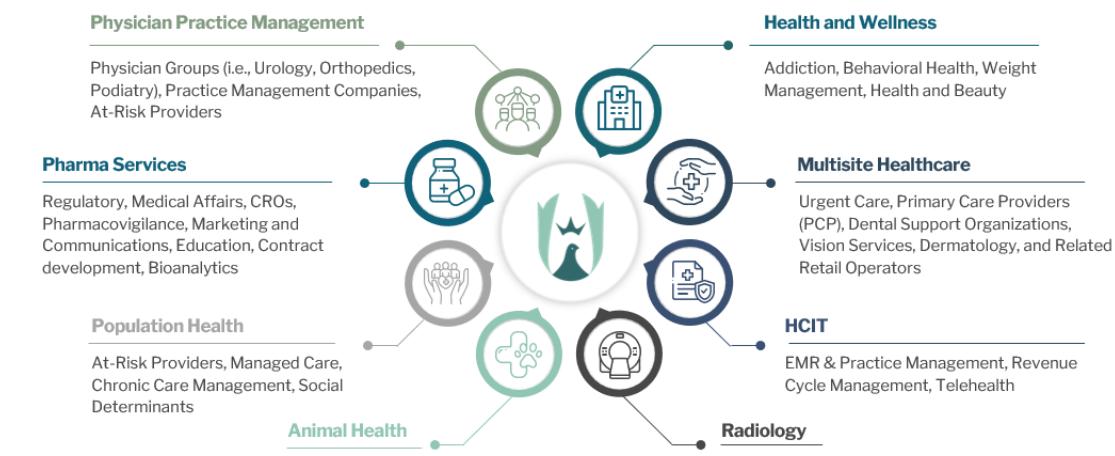
Date	Target	Buyer/Investor	Description	Status	Healthcare Vertical
1/16/2026	eStrat	Appollo Care	Operator of a copay and patient access solutions company, supporting pharmaceutical manufacturers.	Announced	HCIT
01/13/2026	Jade Health (Behavioral Health Center of Excellence)	Council of Autism Service Providers	Operator of an organization within the autism therapy space that offers external accreditation for provider organizations.	Closed	HS: Behavioral - ABA
01/13/2026	Core Analytics Lab & Radiology	Integrated Diagnostic Services / HCAP Partners	Provider of mobile radiology and laboratory services across CA.	Announced	HS: Imaging
01/13/2026	Autism ETC	Behavioral Framework	Provider of center-based applied behavior analysis (ABA) therapy and autism diagnostic services, operating five clinics across TN and AZ.	Announced	HS: Behavioral - ABA
01/13/2026	Sofia	Corilus	Provider of practice management software for nurses, physiotherapists and speech therapists.	Closed	HCIT: Provider Solutions
01/12/2026	Torch	OpenAI	Developer of an app that unifies lab results, medications, and recordings from doctor visits.	Closed	HCIT
01/12/2026	Grove AI	Hippocratic AI	Developer of agentic AI for pharma R&D and clinical trial operations, aiming to streamline clinical trial participant engagement.	Closed	HCIT
01/12/2026	Caring.com	SilverAssist	Operator of a senior living site, providing senior care reviews, education, and family referrals.	Closed	HCIT: Senior Living
01/12/2026	Rivet	Zelis	Developer of an AI-enabled revenue cycle analytics, offering providers more visibility into claim payment and denials trends/	Announced	HCIT: RCM

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

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