

Healthcare M&A Tilts to Buyers as Independent Systems Lose Leverage

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The 2025 purchase of **Marshfield Clinic Health Systems** in rural Wisconsin by **Sanford Health** is a deal type that's becoming more common, as rural systems look to pair up with larger entities as they face higher costs, an M&A advisor tells ***Mergers & Acquisitions***.



Another example: the purchase of **Genesis Health**, a five-hospital system in Eastern Iowa and Western Illinois by **MercyOne**, a unit of **Trinity Health**, one of the biggest healthcare systems in the U.S., back in 2023.

Adam Davis, executive director of Chicago-based **Juniper Advisory**, sees these two deals as emblematic of the buyers' market in 2026 for the thousands of healthcare systems around the U.S. facing higher costs due to changes in **Medicare** and **Medicaid**.

Juniper, which advised the sellers on both deals, guided the transactions in the wake of financial challenges faced by the targets. Both healthcare groups operated in rural or nonurban markets.

The two deals also tipped the scales on the larger end of the middle market — Marshfield was a \$3 billion revenue system and Genesis was \$800 million — as buyers look to achieve greater scale. Both deals also faced “fairly heavy” upfront financial diligence from the buyers.

“Independent companies are having a harder time operating as standalone businesses,” Davis says. “Healthy buyers can pick and choose what they want to pursue.”

The big brands — **Novant, Orlando Health, Atrium, Christus** – or any of other large healthcare systems across the country have been active acquirers and they continue to shop for deals, he adds.

These tie-ups have started to create a crop of new, larger players such as 2022’s merger of **Advocate Aurora Health** and **Atrium Health** to form **Advocate Health**, a multi-billion-dollar system.

Academic medical centers such as **University of Kansas Health System** have been active as well.

Buyers are also pursuing new markets across state lines, such as South Carolina-based **Prisma Health**’s acquisition of **Blount Memorial Hospital** in Tennessee in late 2024.

The smallest targets – such as 25-bed hospitals in rural areas – are the most at risk from higher costs, Davis says.

“A lot of the changes in Medicare and Medicaid are disproportionately impacting rural facilities with no scale that treat a lot of Medicaid patients,” he adds.

This landscape in 2026 reflects changes in the U.S. healthcare system since the Covid-19 pandemic and after interest rates started to rise in 2022.

“Prior to Covid, it wasn’t a seller’s market, but it was more balanced – selling companies had a little more leverage than they do now,” Davis says.

Meanwhile, the debt market is now “very skittish” about lending to organizations with very challenged operations, he said.

“The capital markets are not as favorable,” Davis says. “The bond community and the lending community are **more interested in lending** to healthier, larger systems with scale because they’re more stable.”

Founded in 2006, Juniper Advisory specializes in mergers between non-profit healthcare organizations.

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