U.S. HOME BASED CARE / QUARTERLY UPDATE

Home Care M&A Update

Q3 2026

Slower closings.
Selective investment.

11	52.2%	73%
Tracked Q3 closings	Sequential decline	Sponsor related buyers

Moses Shmueli
Managing Partner | Northeastern Advisors

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SECTION 01

Executive Summary

U.S. home based care M&A recorded fewer completed transactions in Q3 2026, while strategic and financial buyers continued investing in regional scale, specialized care, and established operating platforms. The quarter points to selective capital deployment rather than a uniform retreat from the sector.

• Tracked closings declined: The latest historical series shows 11 Q3 transactions, compared with 23 in Q2 and 27 in Q1. That implies declines of 52.2% quarter over quarter and 50.0% year over year.

• Sponsor related buyers remained prominent: Six sponsor backed acquisitions and two new sponsor platform investments accounted for approximately 73% of Q3 closings.

• The subsectors diverged: Home care recorded the largest sequential drop. Hospice matched its prior year transaction count, while home health declined.

• Scale still attracted capital: Elara Caring, VitalCaring, and Chapters Health illustrate investment in clinical capabilities and broader care networks. Addus's pending AccentCare transaction illustrates strategic interest in personal care.

• Valuation requires a separate analysis: NEA's industry framework distinguishes smaller owner operated agencies from professionally managed operators and institutional platforms. Transaction counts do not establish a change in valuation multiples.

IN THIS REPORT

Quarterly transaction activity / 03

Subsector trends / 04

Buyer mix and capital / 05

Selected transactions / 06

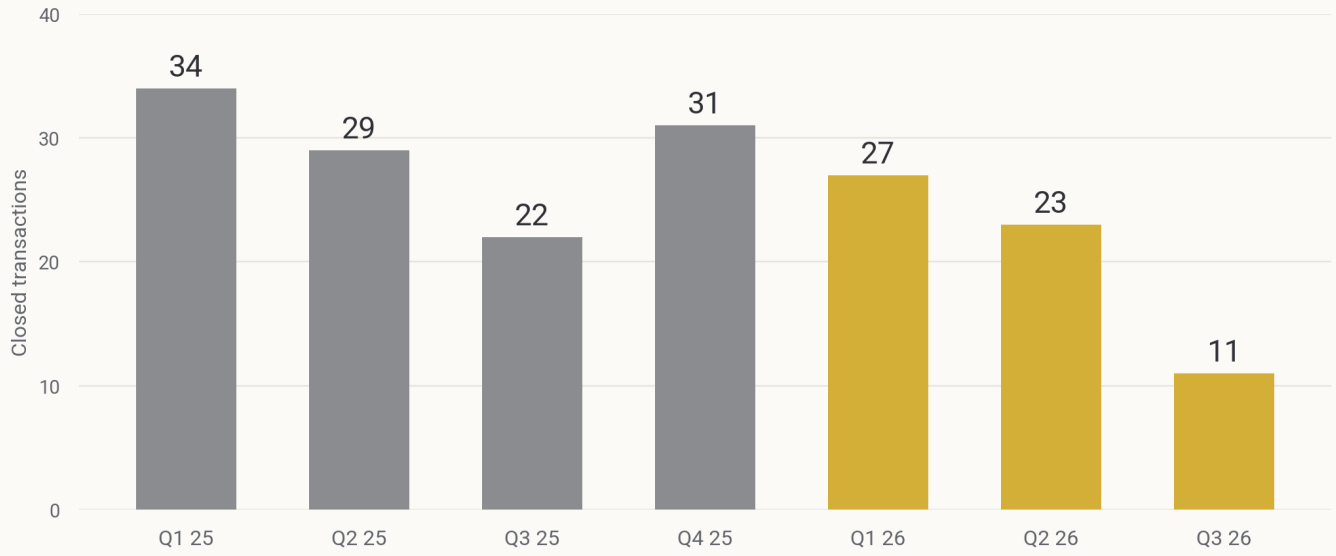
Announced pipeline and valuations / 07

Operating economics and reimbursement / 08

Buyer and seller implications / 09

SECTION 02

Quarterly Transaction Activity

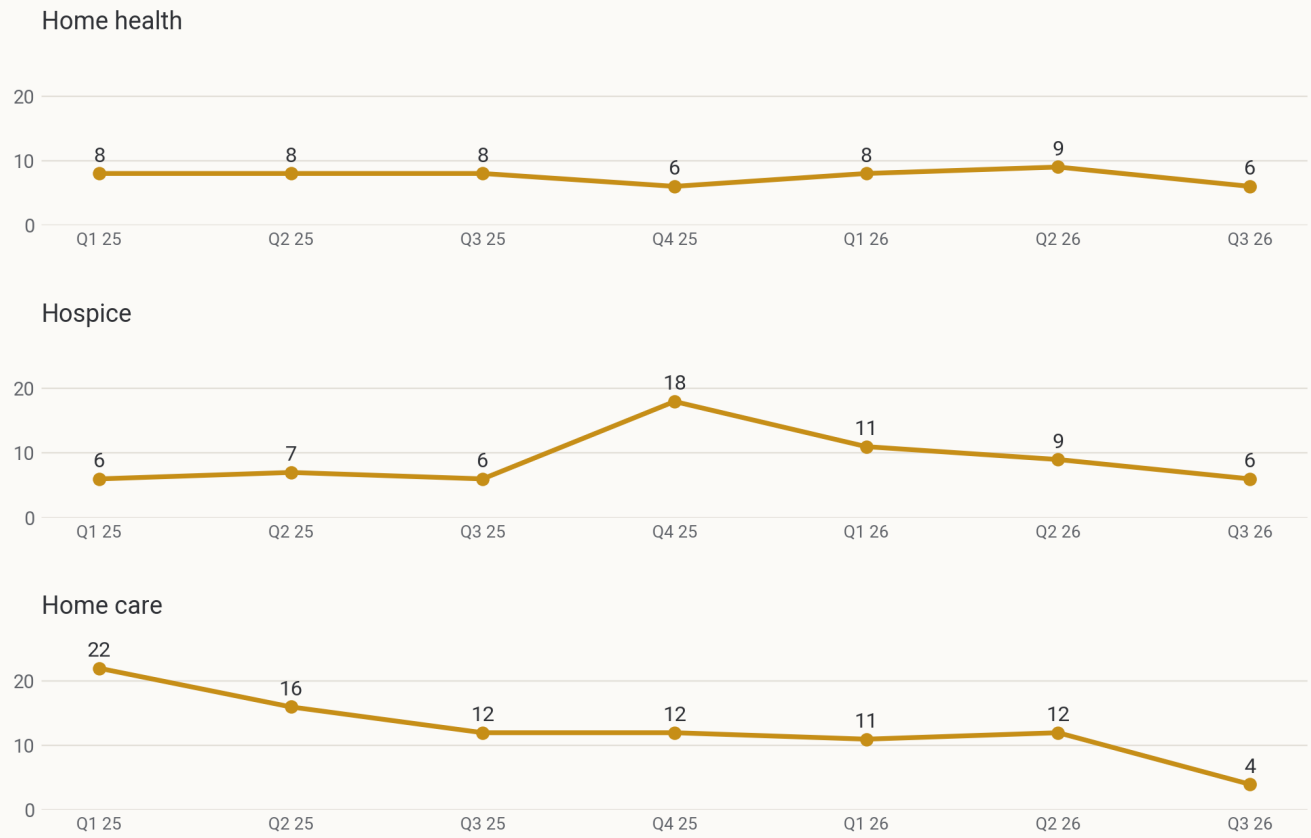


The latest series records 34, 29, 22, and 31 transactions across the four quarters of 2025, followed by 27, 23, and 11 across the first three quarters of 2026. The Q3 decline follows two sequential decreases in 2026.

52.2% sequential decline. 50.0% below Q3 2025.

SECTION 03

Subsector Trends



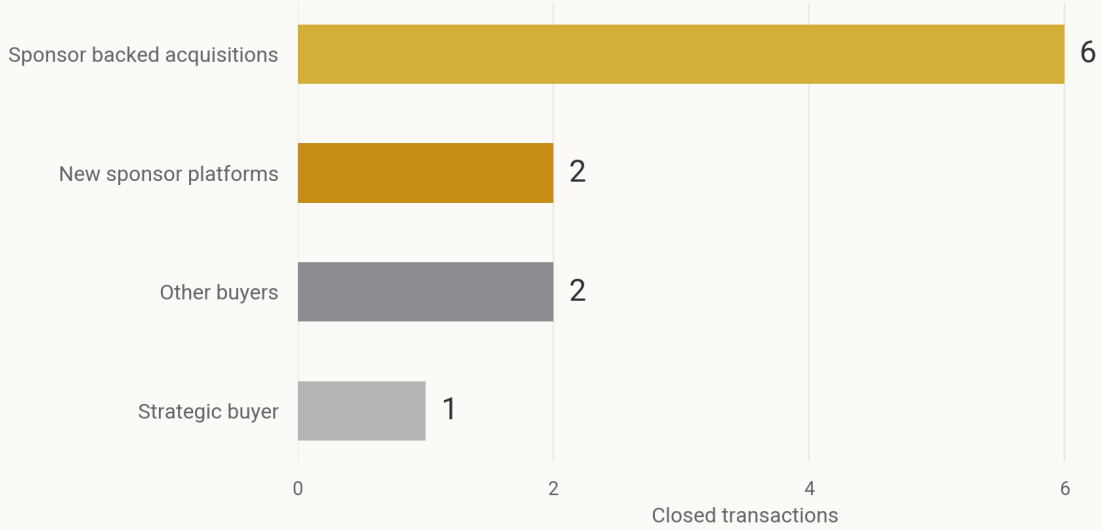
Home health and hospice each declined from nine tracked Q2 transactions to six in Q3, a decrease of 33.3%. Home care declined from 12 to four, a decrease of 66.7%. Compared with Q3 2025, home health was down 25.0%, hospice was unchanged, and home care was down 66.7%.

The categories overlap because one acquisition can include more than one service line. They must not be added together to calculate unique transactions.

NEA's interpretation is that service mix and local operating conditions matter more than a single sector headline. A slower quarter makes the agency's own growth, staffing, payer relationships, and earnings evidence more important to its positioning.

SECTION 04

Buyer Mix and Capital



8 of 11 closings involved sponsor related buyers.

The buyer mix supports maintaining separate prospect lists for investors seeking an independent platform and operators seeking acquisitions that strengthen an existing business. These groups can pursue different sizes, management structures, service lines, and integration plans.

The Q3 mix does not establish that sponsor participation increased from Q2. Earlier buyer classifications have not been reconciled to the latest historical totals.

The distinction for owners

An independent platform investor and an established operator can value the same agency for different reasons. Management depth, market density, payer access, and integration requirements shape that fit.

SECTION 05

Selected Q3 Transactions

Elara Caring and DaVita

DaVita's SEC filing confirms that its investment in a noncontrolling minority interest in Elara Caring closed effective July 20, 2026, with approximately $200 million paid at closing, subject to customary adjustments. Elara's announcement identified Ares and DaVita as the investment partners and described plans to develop kidney specific care in the home. The $200 million represents DaVita's minority investment, not Elara's enterprise value. DaVita SEC filing, Elara announcement.

NEA interpretation: The combination illustrates interest in specialized clinical capabilities and care coordination for complex patients, beyond geographic expansion alone.

VitalCaring and Carter Healthcare

On August 24, VitalCaring announced its acquisition of Carter Healthcare, expanding its footprint into Ohio and West Virginia and strengthening operations in Oklahoma, Texas, Kansas, and Missouri. Following the transaction, VitalCaring reported 89 home health locations and 40 hospice and palliative care locations across its organization. Those are combined platform totals, not the number of locations acquired. Consideration was not disclosed in the announcement. VitalCaring announcement.

NEA interpretation: An established operator can combine market entry with increased density in existing states.

Chapters Health and Housecall Providers

Chapters Health announced the finalized Housecall Providers affiliation on August 4. The combination expands its Oregon footprint and adds in-home primary care, palliative care, and hospice capabilities. This is a nonprofit affiliation, distinct from a conventional equity purchase. Chapters Health announcement.

NEA interpretation: A broader continuum of services can be strategically relevant to value based care, although the announcement does not quantify resulting savings or synergies.

SECTION 06

Pipeline and Valuation

Addus and AccentCare

Addus agreed during Q3 to acquire AccentCare's personal care operations outside New York for approximately $275 million, subject to customary adjustments. The announced business represented approximately $280 million in annualized revenue, roughly 13,700 average daily customers, and operations in ten states. AccentCare's home health and hospice operations were excluded. The announcement described regulatory and customary closing conditions and funding through cash and Addus's revolver. Addus announcement.

The proposed price equates to approximately 0.98x annualized revenue, an NEA calculation. It is not an EBITDA multiple. The transaction belongs in the Q3 announced pipeline rather than the quarter's closed transaction count.

NEA interpretation: A large, separable personal care business can attract strategic interest even when the broader closing count slows. A corporate carve-out also introduces standalone cost, systems, employee, payer consent, and transition considerations that differ from a small agency acquisition.

NEA valuation framework

NEA's 2026 Home Health and Personal Care Industry Report provides indicative valuation guidance of 3-4x seller's discretionary earnings for independent agencies and 4-6x EBITDA for larger, professionally managed operators. It also notes that some platforms with more than $5 million of EBITDA can achieve double-digit EBITDA multiples.

These are broad reference ranges from NEA's industry framework, not newly observed Q3 transaction multiples or an appraisal of a particular business. SDE and EBITDA use different earnings bases and should not be compared interchangeably. Payer mix, service line, growth, concentration, staffing, management, compliance, and consideration terms can change the outcome substantially.

The latest closing figures do not demonstrate a sector wide increase or decline in prices. The Elara minority investment cannot establish a whole-company multiple, and the Addus revenue ratio does not establish an earnings multiple.

SECTION 07

Operating Economics and Reimbursement

NEA's industry report places caregiver labor at approximately 50-60% of revenue in its indicative agency cost framework. That makes wage changes, overtime, retention, and scheduling material to sustainable earnings.

Illustrative NEA calculation: An agency with $5 million in revenue and $500,000 of EBITDA would lose $50,000 of EBITDA if costs increased by an amount equal to 1% of revenue with no offset elsewhere. EBITDA would fall by 10%, despite unchanged revenue.

Technology should be evaluated through measurable results: filled hours, documentation quality, billing accuracy, collections, overtime, and administrative workload. Buying software or adopting AI does not by itself establish a valuation premium. The relevant question is whether the agency can demonstrate durable operating improvements.

Payment policy and timing

During Q3, CMS's CY 2027 home health proposal estimated an aggregate Medicare payment increase of 2.4%, or approximately $420 million. This is a proposed national impact, not a guaranteed agency rate or realized Q3 revenue increase. CMS home health proposal.

CMS's FY 2027 hospice final rule set a 2.3% payment update for the fiscal year beginning October 1. A technical correction published September 30 revised wage index and payment calculations and also became effective October 1. Buyers and sellers should use the corrected tables when modeling the next fiscal year. Actual results depend on geography, service mix, and quality reporting compliance. CMS hospice final rule, September 30 correction.

SECTION 08

Buyer and Seller Implications

For buyers: Separate platform investments, regional acquisitions, and nonprofit affiliations when evaluating comparable activity. Underwrite normalized earnings, payer exposure, caregiver capacity, and integration requirements. Treat announced transactions and minority investments according to their actual structures.

For sellers: Build the investment case around transferable operating strengths. Demonstrate reliable collections, recurring referral relationships, staffing stability, and management continuity. Compare cash at closing, contingent payments, working capital, and ongoing obligations alongside price.

NEA outlook: Q3 shows a lower pace of tracked completions alongside continued investment in selected platforms. Durable demand for care in the home does not remove the need to distinguish strong agencies from businesses with fragile margins, concentrated relationships, or unresolved compliance matters.

Selected sources and further reading

NEA 2026 Home Health and Personal Care Industry Report

DaVita Form 10-Q, Note 14

Elara investment announcement

VitalCaring acquisition announcement

Chapters Health affiliation announcement

Addus transaction announcement

CMS proposed CY 2027 home health rule

CMS final FY 2027 hospice rule

September 30 hospice correction

Discuss your acquisition or exit plans
Moses Shmueli, Managing Partner
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