

PNC's Corporate Healthcare Index

Third Quarter 2025

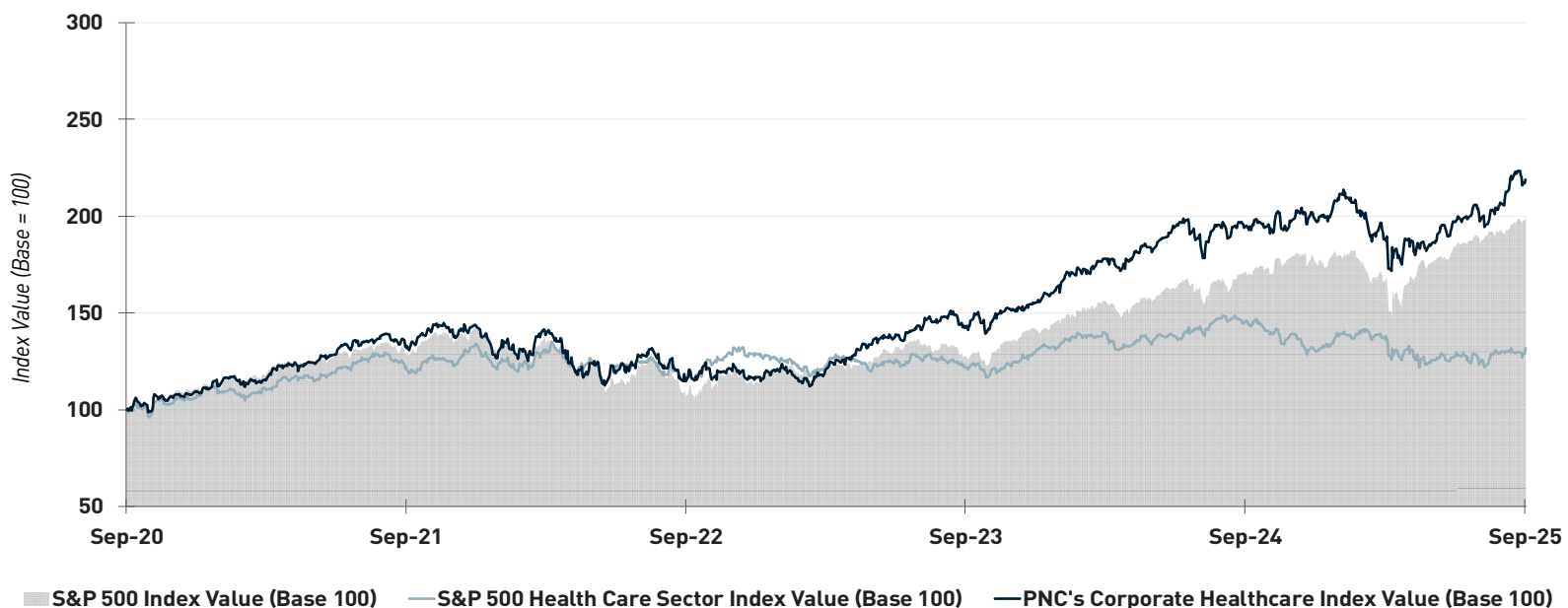


PNC's Corporate Healthcare Index (the "Index") is a tool, calculated quarterly, that examines the performance of—and trends within—the entire healthcare ecosystem. S&P launched the S&P 500 Healthcare Sector Index in 1996, but it is comprised of conventional healthcare entities in traditional subsegments. As healthcare becomes more consumer-centric, PNC's Index takes a modernized, non-traditional view of the healthcare landscape, tracking equity performance of the entire ecosystem based on a broad set of criteria.

Healthcare is being redefined and reshaped nearly every day in a variety of ways, as new entrants disrupt business models, retailers enter the ecosystem, and healthcare professionals search for new ways to improve the impact and efficiency of care delivery. It is the single, largest industry in the United States with an approximate spend of \$4.9T for 2023, nearly 18% of GDP.¹

- **PNC's Corporate Healthcare Index** examines 40 of the top public companies driving healthcare industry activity within six key categories: Emerging Trends, Health Technology / IT, Payors, Pharmaceuticals & Life Sciences, Providers, and Supply Chain / OEM.
- The Index is calculated on a market capitalization-weighted basis for direct comparison with both the S&P 500 Index and the S&P 500 Healthcare Sector Index.
- Over the last quarter, the Index outperformed both the S&P 500 Index and the S&P Healthcare Sector Index. Performance was driven largely by strong gains among the Emerging Trends, Health Technology / IT, and Pharmaceuticals & Life Sciences subsegments (see page 3).

PNC's Corporate Healthcare Index^{2,3}



Market Commentary

Healthcare Industry

Healthcare remains at the fulcrum of the debate surrounding the impasse on the Hill. The ACA premium subsidies, set to expire at the end of the year, are the crux of the issue: Democrats are refusing to pass any spending bill that does not extend the subsidies, while Republicans prefer to pass a bill ASAP and negotiate the ACA subsidies later in the year. Some subsectors will be financially impacted, particularly as authorities for some key programs are linked to government appropriations (e.g., Medicare reimbursement for telehealth, hospital-at-home, etc.), though ultimate effects are yet unclear.

Chief concerns for the healthcare industry center on how the Administration will leverage the government shutdown to further healthcare cost-cutting initiatives, many of which passed via H.R. 1, the One Big Beautiful Bill Act (“OBBA” or the “Bill”). The Administration has signaled additional headcount reductions within the federal government, but HHS and CMS do not seem to be impacted to date.⁴

As a result of the OBBA, telehealth, home health, and other tech-based ventures are expected to scale up due to a broader shift in care delivery towards alternatives.⁵ Conversely, payors’ outlooks are being affected in response to the potential elimination in ACA exchange subsidies, high ACA exchange usage, increase in higher acuity care, and the decrease of Medicaid growth, per the Bill.⁶ However, some uncertainty remains. It is still unclear how the \$50B fund for rural providers, included in the legislation, will be deployed to insulate those providers from the impacts of the policy changes. Other policy considerations, such as site neutrality/site of service provisions, prior authorization easing, and PBM regulation have all been discussed but have yet to be codified into law.

Finally, Most Favored Nation (“MFN”) drug pricing is expected to be implemented via TrumpRx, the recently announced direct-to-consumer (“DTC”) drug purchasing website, in partnership with Pfizer, who will provide its drugs for Medicaid at MFN pricing. Though many details are pending, the Administration has stated that the website would direct patients to drug manufacturers’ own DTC purchasing websites.⁷ Dovetailing with the Administration’s penchant for public-private partnerships, this development is illustrative of the continued shift toward consumerism within healthcare.

Beyond these developments, several other themes have permeated healthcare through Q3:

- **Artificial Intelligence:** AI continues to make headlines in both the clinical and administrative arenas, as in Carlsmed’s IPO and Oracle’s partnership with OpenAI, proving daily its ability to improve care delivery, both for patients and clinicians. With AI-enabled start-ups capturing over 60% of VC dollars through H1 2025, expect the pace of go-forward investment to remain blistering.⁸
- **M&A Activity:** Fed rate cuts and a greater degree of stability finally appear to be opening an unexpectedly slow healthcare M&A market through much of 2025. Digital health and health tech have been focal points for investors through 2025.⁹ For deeper insights, please refer to the recent [PNC Healthcare white paper](#), which conducts a thorough analysis and outlook on industry M&A activity.
- **Potential 340B Changes:** Discussion surrounding the 340B program and a potential shift to a rebate model has health systems preparing for change. Should these proposals come to fruition, providers may need to secure new—or utilize existing—liquidity facilities to manage significant changes to working capital.¹⁰
- **Employer Costs Continue to Rise:** Employers are preparing themselves for an expected 10% increase in medical plan benefit costs for 2026 and hunting for ways to reduce those costs.¹¹

Industry Subsectors

Emerging Trends:

- Health Tech & IT have been favorites for PE investment through 2025, though analysts anticipate additional subsectors will attract interest through 2026¹²
- Behavioral Health has been an intriguing investment for VC & PE with primary investments including Autism, Intellectual & Developmental Disabilities, Mental Health, and Addiction¹³
- Take-private transactions remain popular, as Premier, Inc. is purchased for \$2.6B by Patient Square Capital (notably, less than two years after the Board decided against a sale)¹⁴
- The CMS Innovation Center plans to test prior authorization in traditional Medicare with its new Wasteful and Inappropriate Service Reduction (“WiSeR”) model, using AI to help evaluate certain outpatient claims¹⁵
- AI continues to play a major role in Revenue Cycle Management (“RCM”) growth and investment theses;¹⁶ Bain purchases UST HealthProof and merges it with HealthEdge¹⁷
- Increased uncompensated care (up 32% compared with the same period in 2022), and higher acuity in hospital ERs, are driving up costs¹⁸

Health Technology / IT:

- Samsung acquires Xealth to complement its Galaxy Watch line, and interest for known wearable brands (Oura, Apple, etc.) surges amidst quest to tie devices to clinical outcomes¹⁹
- Healthcare data breaches and cyberattacks remain a perennial thorn in the side of operators with no clear solution in sight. 378 recorded instances through H1 2025 are a modest decrease from 408 in H1 2024, but still higher than all years prior²⁰
- Veradigm is working to become current with SEC filings and relist its common stock²¹
- Major tech industry Blue Chips are partnering with CMS in a push to make medical data sharing more streamlined and build apps to help patients manage chronic conditions²²
- Qualtrics announces its \$6.75B merger with Press Ganey Forsta, as the combined entity looks to accelerate its investment in AI and keep up with a crowded playing field of competitors²³
- Nvidia is planning to invest up to \$100 billion in OpenAI as part of a partnership to help the AI lab expand its computing power.²⁴ For reference, 6 of the Magnificent 7 have healthcare as a material focus / investment or distinct service line

Payors:

- Humana plans to purchase bankrupt The Villages Healthcare in FL for \$50M, growing its CenterWell brand and aiming to keep more patient dollars in-house²⁵
- HCSC rebrands Medicare offerings to HealthSpring after acquisition of Cigna assets in March²⁶
- As part of the OBBA, a temporary, one-year 2.5% statutory increase has been passed for Medicare physicians; final changes and the 2026 physician fee schedule are not yet finalized²⁷
- Many insurers continue to refine and/or limit Medicare Advantage benefits offerings in the face of higher costs, recently making it more challenging to enroll in PPO plans (as opposed to HMOs) and eliminating broker compensation for PPO enrollment²⁸
- Cigna sells all its Evernorth Care clinics in Phoenix, AZ to HonorHealth²⁹
- ACOs generated \$6.5B in savings for 2024, up from \$5.2B in 2023, and improved quality measures across blood pressure, depression, and diabetes (among others)³⁰

Pharmaceuticals & Life Sciences:

- Beckton Dickenson biosciences and diagnostics divisions are being sold to lab equipment maker Waters Corp in a deal totaling \$17.5B, as BD continues to refine its operations and enterprise. The combined organization will do an estimated \$6.5B in sales for 2025³¹
- Labcorp is continuing its expansion with a \$195M asset purchase from Community Health comprising outreach laboratory services in 13 states³²
- HHS is preparing to pilot a 340B Rebate Model Pilot Program with some drug manufacturers. The pilot program will be limited to drugs on the Medicare Drug Price Negotiation Selected Drug List and last for a minimum of one year³³
- GE HealthCare has made several major health system deals since its spin-off in 2023, launching products focused on combatting cost pressures and resource shortages³⁴
- As a result of the TrumpRx-Pfizer partnership, the Administration has put its pharma tariffs on hold as it looks to negotiate further drug pricing deals³⁵

Providers:

- Many rural hospitals are trying to expand services in response to H.R. 1’s Medicaid spending reductions, hoping that more diverse offerings will reduce reliance on Federal funds³⁶
- CMS proposes a 2.4% rate increase for ASCs in push towards outpatient services, however the proposed increase falls short of the most recent headline inflation print of 2.9%³⁷
- Virtua Health and Christiana Care explore merger; scale as important as ever³⁸
- UPMC and Go Health JV demonstrative of broader health system expansion in urgent care³⁹
- UNH / Optum and Amedisys’ \$3.3B transaction finally closes with DOJ approval⁴⁰

Supply Chain / OEM:

- Thermo Fisher acquires Solventum’s purification and filtration business for \$4B in push for expansion in ultra-pure water applications; Solventum will use net proceeds to de-leverage⁴¹
- Hospital supply chain costs up 8.9% before tariffs according to Ralph Keiser, CEO of ArcheHealth⁴²
- Medline considers publicly filing for IPO as soon as late October in what would be the largest US listing this year (estimated at about \$5B), as more companies look to seize an open IPO window⁴³

PNC's Corporate Healthcare Index - Index Constituents and Periodic Return Data^{2, 3}

	Periodic Return Data as of End of Trading on 9/30/25						
	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Year-to-Date
S&P 500 Index Value	3.53%	7.79%	19.18%	16.07%	86.54%	98.88%	13.72%
S&P 500 Health Care Sector Index Value	1.62%	3.27%	(4.60%)	(9.60%)	15.06%	31.92%	1.20%
PNC's Corporate Healthcare Index Value	5.94%	11.01%	16.24%	12.19%	90.74%	118.75%	11.07%

Index Constituents:

Emerging Trends

1. agilon health, inc.	(19.53%)	(55.22%)	(76.21%)	(73.79%)	(95.60%)	-	(45.79%)
2. Alphabet Inc.	14.18%	37.94%	57.20%	46.58%	154.16%	231.74%	28.42%
3. Amazon.com, Inc.	(4.12%)	0.08%	15.41%	17.84%	94.31%	39.47%	0.08%
4. AMN Healthcare Services, Inc.	(6.83%)	(6.34%)	(20.85%)	(54.33%)	(81.73%)	(66.88%)	(19.06%)
5. CVS Health Corporation	3.06%	9.29%	11.28%	19.90%	(20.95%)	29.09%	67.94%
6. Hinge Health, Inc.	(12.48%)	(5.16%)	-	-	-	-	-
7. JPMorgan Chase & Co.	4.65%	8.80%	28.59%	49.59%	201.85%	227.65%	31.59%
8. Owens & Minor, Inc.	(2.04%)	(47.25%)	(46.84%)	(69.41%)	(80.08%)	(80.88%)	(63.27%)
9. Tempus AI, Inc.	6.39%	27.02%	67.31%	42.60%	-	-	139.07%
10. Walmart Inc.	6.27%	5.40%	17.39%	27.63%	138.38%	120.98%	14.07%

Health Technology / IT

11. Oracle Corporation	24.37%	28.64%	101.16%	65.05%	360.52%	371.09%	68.77%
12. Salesforce, Inc.	(7.51%)	(13.09%)	(11.69%)	(13.41%)	64.77%	(5.70%)	(29.11%)
13. Teladoc Health, Inc.	0.00%	(11.25%)	(2.89%)	(15.80%)	(69.51%)	(96.47%)	(14.96%)
14. Veradigm Inc.	(2.04%)	2.13%	10.09%	(50.52%)	(68.48%)	(41.03%)	(50.77%)

Payors

15. Centene Corporation	22.87%	(34.27%)	(41.23%)	(52.60%)	(54.14%)	(38.83%)	(41.10%)
16. The Cigna Group	(4.19%)	(12.80%)	(12.39%)	(16.80%)	3.89%	70.15%	4.39%
17. Elevance Health, Inc.	1.40%	(16.93%)	(25.71%)	(37.86%)	(28.87%)	20.30%	(12.41%)
18. Humana Inc.	(14.32%)	6.42%	(1.67%)	(17.86%)	(46.38%)	(37.14%)	2.55%
19. UnitedHealth Group Incorporated	11.43%	10.68%	(34.07%)	(40.94%)	(31.63%)	10.75%	(31.74%)

Pharmaceuticals & Life Sciences

20. Biogen Inc.	5.94%	11.54%	2.37%	(27.73%)	(47.54%)	(50.62%)	(8.40%)
21. Cencora, Inc.	7.17%	4.23%	12.38%	38.85%	130.94%	222.46%	39.10%
22. Eli Lilly and Company	4.15%	(2.12%)	(7.62%)	(13.88%)	135.97%	415.47%	(1.17%)
23. Johnson & Johnson	4.66%	21.39%	11.81%	14.41%	13.50%	24.54%	28.21%
24. Merck & Co., Inc.	(0.23%)	6.03%	(6.50%)	(26.09%)	(2.54%)	1.18%	(15.63%)
25. Moderna, Inc.	7.22%	(6.38%)	(8.89%)	(61.35%)	(78.16%)	(63.49%)	(37.88%)
26. Pfizer Inc.	2.91%	5.12%	0.55%	(11.96%)	(41.77%)	(30.57%)	(3.96%)
27. Roche Holding AG	(0.15%)	0.58%	(10.53%)	(3.95%)	(19.65%)	(17.53%)	1.72%
28. Thermo Fisher Scientific Inc.	(1.56%)	19.62%	(2.53%)	(21.59%)	(4.37%)	9.85%	(6.77%)

Providers

29. HCA Healthcare, Inc.	5.51%	11.25%	23.34%	4.86%	131.90%	241.84%	42.00%
30. Surgery Partners, Inc.	(4.63%)	(2.65%)	(8.88%)	(32.88%)	(7.52%)	(1.19%)	2.22%
31. Tenet Healthcare Corporation	10.15%	15.36%	50.96%	22.17%	293.64%	728.40%	60.85%

Supply Chain / OEM

32. Cardinal Health, Inc.	5.50%	(6.57%)	13.93%	42.02%	135.39%	234.31%	32.71%
33. DaVita Inc.	(3.55%)	(6.73%)	(13.14%)	(18.95%)	60.53%	55.13%	(11.15%)
34. GE HealthCare Technologies Inc.	1.86%	1.39%	(6.95%)	(19.98%)	-	-	(3.94%)
35. Hologic, Inc.	0.55%	3.58%	9.26%	(17.15%)	4.60%	1.53%	(6.38%)
36. McKesson Corporation	12.51%	5.43%	14.79%	56.25%	127.30%	418.73%	35.55%
37. Medtronic plc	2.62%	9.26%	5.99%	5.79%	17.94%	(8.35%)	19.23%
38. Molina Healthcare, Inc.	5.82%	(35.76%)	(41.90%)	(44.46%)	(41.98%)	4.55%	(34.25%)
39. Premier, Inc.	7.34%	26.77%	44.19%	39.00%	(18.09%)	(15.32%)	31.13%
40. Solventum Corporation	(0.12%)	(3.74%)	(4.00%)	4.70%	-	-	10.51%

Healthcare at PNC Overview

Contact Information

Healthcare at PNC by the Numbers⁴⁴

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\$40B
*in Capital Commitments
to Healthcare Companies Across the US*

56,000+
*Healthcare Clients Served through PNC's
Extensive Suite of Solutions*

750+
*Relationships with
Private Equity Firms*

500+
*Employees Directly Serving
Our Healthcare Clients*

30+
*Years of Dedicated Sector Coverage via the
PNC Healthcare Industry Vertical*

\$14.5B
*Healthcare Client Assets Under
Management (AUM)⁴⁵*

Brilliant begins here.

To learn more about how PNC Healthcare can deliver ideas, insights and solutions to help you move your business forward, please contact the Corporate Healthcare team above, your Relationship Manager, or visit pnc.com/healthcare.

1. Centers for Medicare & Medicaid Services
2. Share price data is sourced from S&P CapitalIQ as of October 1, 2025
3. "PNC's Corporate Healthcare Index Value" is a weighted average of the constituents' share prices as of the end of trading on September 30, 2025. The Index is a market capitalization-weighted equity index. Rebalancing occurs on the last trading day of each fiscal quarter, most recently September 30, 2025.
4. "PNC's Corporate Healthcare Index Value" is a weighted average of the constituents' share prices as of the end of trading on September 30, 2025. The Index is a market capitalization-weighted equity index. Rebalancing occurs on the last trading day of each fiscal quarter, most recently September 30, 2025.
5. Modern Healthcare: "The Government Shutdown is Here. This is How it Affects Healthcare" - October 1, 2025
6. Modern Healthcare: "How the Tax Law Benefits Medtech Companies" - July 21, 2025
7. Modern Healthcare: "Elevance Cuts Outlook Amid High Exchange, Medicaid Expenses" - July 17, 2025
8. FierceHealthcare: "White House Announces New Prescription Drug Website, TrumpRx" - September 30, 2025
9. FierceHealthcare: "Healthcare AI Rakes in Nearly \$4B in VC Funding, Buoying the Digital Health Market in 2025" - July 7, 2025
10. Modern Healthcare: "The Digital Health Megadeals That Ruled 2025's First Half" - August 1, 2025
11. Becker's: "How Health Systems are Preparing for a Potential 240B Overhaul" - July 28, 2025
12. MedCity News: "Why Employers Predict a 10% Increase in Healthcare Costs for 2026" - August 15, 2025
13. Pitchbook: "H1 2025 Healthcare IT PE Update" - September 24, 2025
14. Journal of the American Medical Association: "Private Equity Owns 25% of Mental Health Facilities in Some States" - May 31, 2024
15. Healthcare Innovation: "Investment Firm Inks \$2.4B Deal to Purchase Premier" - September 22, 2025
16. Healthcare Innovation: "CMMI Model to Test Prior Authorization in Traditional Medicare" - July 9, 2025
17. Modern Healthcare: "What's Behind the Rapid Rise of RCM Companies" - September 15, 2025
18. Modern Healthcare: "Bain Rollup Combines Two Payer-Focused AI Companies" - September 4, 2025
19. HFMA: "Bad Debt, Charity Care Up 32% Since 2022" - May 13, 2025
20. Modern Healthcare: "Samsung's Quest to Link Providers to Patients' Wearable Devices" - July 25, 2025
21. Modern Healthcare: "Healthcare Organizations Still Facing High Cyberattack Rates" - July 11, 2025
22. Veradigm: "2025 Financial & Business Update" - June 23, 2025
23. Modern Healthcare: "Apple, Google, OpenAI to Work With CMS, Providers on Data Sharing" - July 30, 2025
24. Modern Healthcare: "Qualtrics-Press Ganey's \$6.75B Deal and the Role of AI" - October 8, 2025
25. Pitchbook: "Nvidia to Inject up to \$100B in ChatGPT Creator OpenAI" - September 23, 2025
26. Healthcare Dive: "Humana Agrees to Purchase Bankrupt Florida Provider The Villages Health for \$50M" - July 8, 2025
27. HCSC: "HCSC Launches National Health Care Brand to Further Expand Access to Quality Care" - July 8, 2025
28. CMS: "Calendar Year (CY) 2026 Medicare Physician Fee Schedule (PFS) Proposed Rule (CMS-1832-P)" - July 14, 2025
29. Modern Healthcare: "Medicare Advantage Insurers Shun PPOs, push HMOs" - July 16, 2025
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31. CMS: "Medicare Shared Savings Program Accountable Care Organizations Updated Performance Year 2024 Financial and Quality Results" - September 29, 2025
32. FierceBiotech: "BD's Biosciences, Diagnostics Units Find New Home at Waters in \$17.5B Lab Tools Deal" - July 14, 2025
33. Medtech Dive: "Labcorp to Buy Some Community Health Assets for \$195M" - July 24, 2025
34. American Hospital Association: "HHS Announces New 340B Rebate Model Pilot Program" - July 31, 2025
35. Modern Healthcare: "GE Healthcare's Peter Arduini Details Product Launches for 2026" - October 2, 2025
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38. Becker's: "CMS Floats 2.4% Pay Bump for ASCs" - July 16, 2025
39. Virtua Health: "Excellence Multiplied: Virtua Health and ChristianaCare Sign Letter of Intent to Co-Found a New Regional Not-for-Profit Health System" - July 16, 2025
40. Modern Healthcare: "UPMC, GoHealth Urgent Care Launch Joint Venture, 81-Site Rebrand" - August 7, 2025
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42. Modern Healthcare: "Thermo Fisher Acquires Solventum's Filtration Unit for \$4B" - September 2, 2025
43. Healthcare Finance News: "Supply Chain Costs Up 8.9% Before Tariffs" - September 22, 2025
44. Modern Healthcare: "Medline Weighs \$5B IPO Filing as Soon as October" - September 24, 2025
45. Data as of September 30, 2025
46. "Healthcare Client Assets Under Management" represents assets managed by PNC Bank, NA and PNC Capital Advisors, LLC, an SEC-registered investment adviser and wholly-owned subsidiary of PNC Bank.

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