PNC's Corporate Healthcare Index

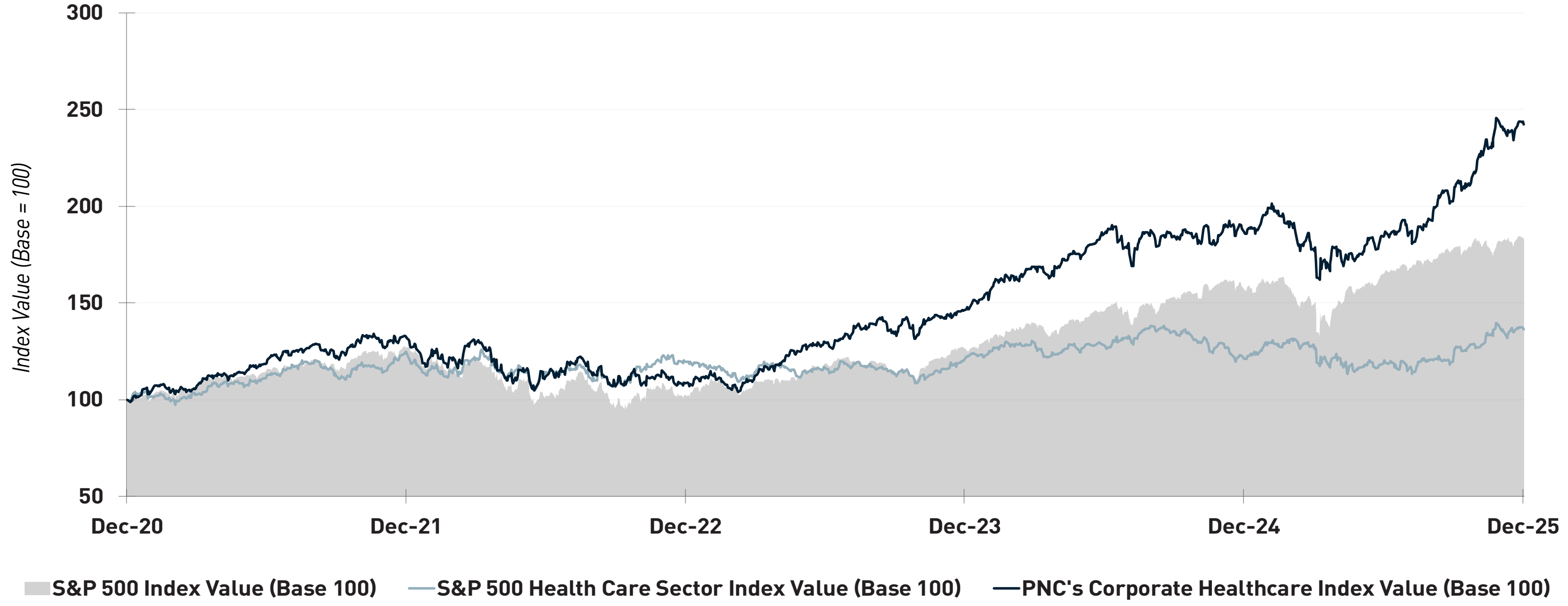
Fourth Quarter 2025

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 exit 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 $5.3T for 2024, or 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 Healthcare Sector Index and the broader S&P 500. Performance was driven largely by gains among the Emerging Trends, Pharma & Life Sciences, and Supply Chain / OEM subsegments (see page 3).

PNC's Corporate Healthcare Index[2,3]



Market Commentary

Healthcare Industry

Capping 2025, questions persist. The Affordable Care Act (ACA) enhanced premium subsidies, which expired December 31, fuel Congress' ongoing debate addressing healthcare affordability and care delivery amidst the policy changes set to commence in 2026. Despite the end of the government shutdown and support for a temporary solution from Republican moderates, no material progress has been made on the enhanced subsidies.[4] The funding deal that ended the shutdown did extend some other key policies through January, including funding for community and academic health centers, Medicare telehealth flexibility, and the acute Hospital-at-Home initiative.[5] However, the next government budget funding deadline, January 30, looms, and healthcare promises to be at the center of the negotiations.

Downstream impacts of several other policy changes, along with Medicare Star Ratings assessments, continue to present payors with challenges in attracting new members to Medicaid and Medicare Advantage (MA) plans, accelerating payors' preference to position providers for value-based care arrangements and site of service requirements.[6, 7] Moreover, direct-to-consumer arrangements like Individual Coverage Health Reimbursement Arrangements (ICHRA) seemingly continue to gain interest, with proponents highlighting the swelling tide of consumerism in healthcare as underpinning ICHRA's appeal.[8] Consequently, the question for payors is whether their current infrastructures support the volume of individual choice and preference that widespread ICHRA adoption would attract.

On a final policy note, the Rural Health Transformation (RHT) Program is officially underway with first-year fund distributions awarded officially just before New Year's Eve. $10 billion of the program's $50 billion total allocation will be distributed in each of fiscal years 2026-2030, with half being distributed equally among the states. The balance will be awarded to states based on rural population and proportion of rural health facilities, as well as on the strength of their proposals for uses of the funds. These span several eligible spend categories, but are broadly focused on disease prevention, behavioral health, access, workforce development, and innovation in care and technology.[9] TX, AK, and CA top the list for funding, receiving $281, $272, and $234 million, respectively.[10]

In a recent Deloitte survey, **80% of US healthcare leaders** cite "regulatory and policy changes" as a top priority for 2026.[11] But, beyond the Hill, other pervading themes for year-end 2025 include:

- **Care Delivery:** While it's no secret, providers continue to invest in Ambulatory Surgery Center (ASC) strategies, as ASCs continue to be the lower-cost, higher-margin gift that keeps on giving, particularly as high acuity procedure volumes rise.[12] In that same Deloitte survey, **over 40% of leaders cite "care delivery transformation" as a top priority for the new year**.
- **GLP-1 Pill Approved:** Novo Nordisk's Wegovy beats out competitors as the first GLP-1 approved by the FDA for oral use, slated for launch in January.[13] As time goes on, we anticipate continued improvement of accessibility and price for these relatively novel weight loss therapies, with utilization growing in concert.
- **Exit Activity:** With valuations on the rise on the back of loosening Monetary Policy, tight credit spreads, and deregulation, the market is expecting a flood of transaction activity in 2026,[14] and Medline, Inc.–a new addition to the Index, replacing Premier, Inc., which was taken private–closed out 2025 with the largest IPO of the year, raising $6.26 billion.[15]
- **Despite Reductions, Healthcare is Big Business:** Demand for novel therapies and treatments, weight loss drugs, strong volume, and steady utilization trends drove strong earnings for S&P 500 healthcare companies in 2025, outperforming other industries.[16] Meanwhile, CMS is projecting full-year 2025 healthcare spend at $5.6T, a 7.1% increase.[17]

Industry Subsectors

Emerging Trends:

- Private Equity continues to pursue investments in specialty practices (e.g., cardiology), prioritizing outpatient settings and strong reimbursement in the fragmented provider landscape, particularly where the aging population has driven cost pressures[18]
- However, CMS' new Ambulatory Specialty Model may negatively impact specialty reimbursement, potentially limiting potential ROI and disincentivizing further private equity investment[19]
- Record dry powder, tight spreads, and access to private credit are allowing smaller PE firms to punch above their weight in terms of deal size, adding further to heady expectations for 2026 transaction activity[20]
- While still unclear for patient care, AI use cases for "back-office functions" continues to grow as major RCM companies acquire and integrate various platforms[21]
- As AI investment balloons, market participants are left to wonder who, if anyone, may be over-indexing, and how those over-investments may shake out[22]

Health Technology / IT:

- Microsoft continues to leverage its AI tools within the healthcare industry, expanding its deployment of Dragon Copilot ambient AI through partnership and integration with Athenahealth[23]
- GE Healthcare has spent $2.3 billion in cash to acquire Intelerad, an imaging software developer, as a complement to the existing in-hospital imaging business. The purchase furthers GEHC's goal of tripling its cloud-enabled product offerings by 2028[24]
- Synchron, a direct competitor to Elon Musk's Neuralink, raised an additional $200M to aid in pursuit of a clinical trial for its brain implant, which is relatively less invasive and does not require brain surgery[25]
- Digital Health remains a favored category of investment within healthcare, attracting $14.2B in funding through FY 2025, a 35% Y/Y increase on the same period in 2024, though the market appears frothier[26]
- To fuel growth among providers, value-based care (VBC) platform, Aledade, secures $500M in private credit support from Ares Commercial Finance[27]

Payors:

- UnitedHealth's Optum will prune some of its providers and services in 2026, marking a return to the core value-based care mission with which it began.[28] At the same time, Optum Health will refocus around direct employment of physicians, straying from the affiliation model that it cites as having grown too large, unwieldy, and misaligned with core value-based priorities[29]
- UnitedHealthcare, on the other side of the same coin, has elected to *stop* coverage of most Remote Patient Monitoring (RPM) among commercial and Medicare enrollees, generating some questions around how it will fully enact Optum Health's "return to core VBC"[30]
- Epic is expanding an MA verification partnership with Humana that will strengthen its foothold with major payors, one of its primary strategies for growth beyond acute care. Epic is pursuing similar partnerships with UnitedHealthcare and Elevance as well[31]

Pharmaceuticals & Life Sciences:

- The fevered pursuit of next-gen obesity treatments played out in the Pfizer / Novo Nordisk bidding war for Metsera. Pfizer ultimately won out, offering approximately $10 billion in total consideration and with help from anti-trust considerations owing to the prevalence of Novo's existing obesity treatments, Ozempic and Wegovy[32]
- Moreover, Eli Lilly has become the first drugmaker worth over $1 trillion from explosive growth in the weight-loss drug market and sales of Zepbound / Mounjaro[33]
- In its quest for new pipeline and facing a patent cliff, Takeda makes a big bet on Innovent Biologics portfolio of oncology drugs[34]
- To complement its clinical research services business, Thermo Fisher has purchased Clario Holdings for $8.9B. Clario collects data from clinical outcome assessments, imaging, wearables, etc. and has supported about 70% of FDA drug approvals over the past decade[35]

Providers:

- Amidst other plans for telehealth reimbursement and the Ambulatory Specialty Model, CMS finalizes a 2.5% pay increase for providers who treat Medicare beneficiaries as part of the 2026 Medicare Physician Fee Schedule[36]
- Clinical joint ventures (JVs) expand as Fairview to spend $1B as part of partnership with University of Minnesota Physicians[37]
- Leading health systems report strong volumes, expense management, and length of stay improvements in positive end to the year, but are wary of potential financial headwinds that may come as One Big Beautiful Bill Act provisions go into effect in 2026 and beyond[38]
- Several states are preparing to enact new laws and regulations in 2026, most of which seek to limit the persistent burden of the current prior authorization framework[39]

Supply Chain / OEM:

- Medline helped close 2025 with a mid-December blockbuster IPO, raising $6.26B at $29-per-share and jumping an additional 40%+ in its first day of trading, lending further credence to the notion that the IPO window is open and creating more optimism for offerings in 2026[40]
- Corewell Health and Quest Diagnostics have formed a JV, Diagnostic Lab of Michigan, focused on automated microbiology and high-throughput molecular testing. Quest will also provide lab services and supply chain management to all 21 of Corewell's in- and outpatient hospital labs[41]
- In an analysis conducted by the WSJ, early prescription refills by mail-order pharmacies cost Medicare roughly $3 billion over two years. Mail-order pharmacies account for about 37% of excess dispensing, despite filling only about 9% of Medicare prescriptions[42]

PNC's Corporate Healthcare Index - Index Constituents and Periodic Return Data[2, 3, 43]

	Periodic Return Data as of End of Trading on 12/31/25						
	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Year-to-Date
S&P 500 Index Value	(0.05%)	2.35%	10.32%	16.39%	78.29%	82.25%	16.39%
S&P 500 Health Care Sector Index Value	(1.51%)	11.20%	14.84%	12.53%	13.90%	36.40%	12.53%
PNC's Corporate Healthcare Index Value	(0.79%)	18.39%	31.39%	30.54%	123.57%	142.30%	30.54%
Index Constituents:							
Emerging Trends							
1. Accendra Health, Inc.	2.94%	(41.67%)	(69.23%)	(78.58%)	(85.66%)	(89.65%)	(78.58%)
2. agilon health, inc.	5.77%	(33.14%)	(70.06%)	(63.75%)	(95.73%)	-	(63.75%)
3. Alphabet Inc.	(2.24%)	28.75%	77.61%	65.35%	254.75%	257.18%	65.35%
4. Amazon.com, Inc.	(1.03%)	5.12%	5.21%	5.21%	174.79%	41.74%	5.21%
5. AMN Healthcare Services, Inc.	(5.35%)	(18.60%)	(23.75%)	(34.11%)	(84.67%)	(76.91%)	(34.11%)
6. CVS Health Corporation	(1.24%)	5.27%	15.05%	76.79%	(14.84%)	16.19%	76.79%
7. Hinge Health, Inc.	(5.03%)	(5.36%)	(10.24%)	-	-	-	-
8. JPMorgan Chase & Co.	2.92%	2.15%	11.14%	34.42%	140.28%	153.58%	34.42%
9. Tempus AI, Inc.	(24.23%)	(26.84%)	(7.07%)	74.91%	-	-	74.91%
10. Walmart Inc.	0.81%	8.10%	13.94%	23.31%	135.72%	131.86%	23.31%
Health Technology / IT							
11. Oracle Corporation	(3.49%)	(30.70%)	(10.85%)	16.96%	138.45%	201.30%	16.96%
12. Salesforce, Inc.	14.91%	11.78%	(2.85%)	(20.76%)	99.80%	19.04%	(20.76%)
13. Teladoc Health, Inc.	(7.77%)	(9.44%)	(19.63%)	(22.99%)	(70.40%)	(96.50%)	(22.99%)
14. Veradigm Inc.	(4.00%)	0.00%	2.13%	(50.77%)	(72.79%)	(66.76%)	(50.77%)
Payors							
15. Centene Corporation	4.60%	15.33%	(24.19%)	(32.07%)	(49.82%)	(31.45%)	(32.07%)
16. The Cigna Group	(0.74%)	(4.52%)	(16.74%)	(0.33%)	(16.93%)	32.21%	(0.33%)
17. Elevance Health, Inc.	3.63%	8.49%	(9.88%)	(4.97%)	(31.66%)	9.17%	(4.97%)
18. Humana Inc.	4.22%	(1.55%)	4.77%	0.95%	(49.99%)	(37.57%)	0.95%
19. UnitedHealth Group Incorporated	0.10%	(4.40%)	5.81%	(34.74%)	(37.74%)	(5.87%)	(34.74%)
Pharmaceuticals & Life Sciences							
20. Biogen Inc.	(3.35%)	25.64%	40.13%	15.09%	(36.45%)	(28.13%)	15.09%
21. Cencora, Inc.	(8.45%)	8.07%	12.64%	50.32%	103.82%	245.49%	50.32%
22. Eli Lilly and Company	(0.07%)	40.85%	37.86%	39.21%	193.76%	536.51%	39.21%
23. Johnson & Johnson	0.01%	11.61%	35.48%	43.10%	17.15%	31.50%	43.10%
24. Merck & Co., Inc.	0.41%	25.41%	32.97%	5.81%	(5.13%)	28.68%	5.81%
25. Moderna, Inc.	13.51%	14.17%	6.89%	(29.08%)	(83.58%)	(71.77%)	(29.08%)
26. Pfizer Inc.	(3.26%)	(2.28%)	2.72%	(6.14%)	(51.41%)	(32.36%)	(6.14%)
27. Roche Holding AG	6.77%	26.28%	27.01%	28.45%	12.98%	6.21%	28.45%
28. Thermo Fisher Scientific Inc.	(1.93%)	19.47%	42.91%	11.38%	5.22%	24.40%	11.38%
Providers							
29. HCA Healthcare, Inc.	(8.15%)	9.54%	21.86%	55.54%	94.56%	183.87%	55.54%
30. Surgery Partners, Inc.	(9.49%)	(28.60%)	(30.50%)	(27.02%)	(44.54%)	(46.74%)	(27.02%)
31. Tenet Healthcare Corporation	(8.36%)	(2.13%)	12.91%	57.43%	307.30%	397.67%	57.43%
Supply Chain / OEM							
32. Cardinal Health, Inc.	(3.18%)	30.93%	22.32%	73.75%	167.33%	283.68%	73.75%
33. DaVita Inc.	(5.07%)	(14.50%)	(20.25%)	(24.03%)	52.15%	(3.23%)	(24.03%)
34. GE HealthCare Technologies Inc.	2.54%	9.21%	10.73%	4.91%	40.49%	-	4.91%
35. Hologic, Inc.	(0.64%)	10.37%	14.32%	3.33%	(0.43%)	2.28%	3.33%
36. McKesson Corporation	(6.90%)	6.18%	11.94%	43.93%	118.67%	371.65%	43.93%
37. Medline Inc.	-	-	-	-	-	-	-
38. Medtronic plc	(8.80%)	0.86%	10.20%	20.26%	23.60%	(18.00%)	20.26%
39. Molina Healthcare, Inc.	17.05%	(9.31%)	(41.75%)	(40.37%)	(47.45%)	(18.40%)	(40.37%)
40. Solventum Corporation	(7.06%)	8.55%	4.48%	19.95%	-	-	19.95%

Healthcare at PNC Overview

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Healthcare at PNC by the Numbers[44]

$39B+
in Capital Commitments to Healthcare Companies Across the US

500+
Employees Directly Serving Our Healthcare Clients

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

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

750+
Relationships with Private Equity Firms

$15.8B
Healthcare Client Assets Under Management (AUM)[45]

Let's build your brilliant.

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

1. Centers for Medicare & Medicaid Services (CMS)
2. Share price data is sourced from S&P CapitalIQ as of January 2, 2026
3. 'PNC's Corporate Healthcare Index Value' is a weighted average of the constituents' share prices as of the end of trading on December 31, 2025. The Index is a market capitalization-weighted equity index. Rebalancing occurs on the last trading day of each fiscal quarter, most recently December 31, 2025. '-' is shown where there is insufficient share price history to calculate a percentage return over the specified time period.
4. Modern Healthcare: "Here's What's in the Government Funding Deal for Healthcare" - November 10, 2025
5. PBS: "Health Subsidies Expire, Launching Millions of Americans into 2026 With Steep Insurance Hikes" - January 1, 2026
6. Modern Healthcare: "Centene Reports $6.6B Loss as Costs, Medicaid Pressures Grow" - October 29, 2025
7. Modern Healthcare: "Medicare Advantage Star Ratings 2026: Winners and Losers" - October 13, 2025
8. MedCityNews: "Centene CEO: ICHRA is the Future of Individual Health Insurance" - October 23, 2025
9. CMS: "Rural Health Transformation (RHT) Program Overview"
10. Modern Healthcare: "Texas, Alaska top CMS Rural Health Transformation Fund Award List" - December 29, 2025
11. Deloitte: "2026 US Health Care Outlook" - December 11, 2025
12. Becker's Healthcare: "USPI Wins Big With High-Acuity Procedures" - November 4, 2025
13. Healthcare Dive: "Novo Nordisk's Weight Loss Pill Approved by FDA" - December 23, 2025
14. PNC Healthcare: "Mergers and Acquisitions in Healthcare: Analysis and Perspective" - October 9, 2025
15. Modern Healthcare: "Medline Raises $6.26B IPO, Becomes Year's Biggest Listing" - December 16, 2025
16. Modern Healthcare: "Healthcare Earnings Top S&P 500 Behind Drug, Hospital Demand" - November 26, 2025
17. Modern Healthcare: "Insurance, Home Health Driving Predicted Healthcare Spending Bump - December 16, 2025
18. Modern Healthcare: "Why Private Equity Wants in on Outpatient Cardiology" - October 16, 2025
19. CMS: "Ambulatory Specialty Model Overview"
20. Pitchbook: "Takeaways From the McDermott Will & Schulte HPE NYC Conference" - November 6, 2025
21. R1 RCM: "R1 to Acquire Phare Health, A Leading AI Platform for Automating Inpatient Coding and Pre-Bill Clinical Documentation Improvement" - October 14, 2025
22. The Wall Street Journal: "Three AI Megadeals Are Breaking New Ground on Wall Street" - November 11, 2025
23. Modern Healthcare: "AI Tracker"
24. FierceBiotech: "GE Healthcare to Acquire Imaging Software Provider Intelerad for $2.3B" - November 20, 2025
25. Modern Healthcare: "Neuralink Rival Synchron Raises $200M for Brain Implant" - November 6, 2025
26. FierceHealthcare: "JPM26: Digital Health Funding Hit $14.2B in 2025, With AI Companies Taking the Lion's Share of Dollars" - January 12, 2026
27. Modern Healthcare: "Aledade Secures $500M in Financing to Fuel Growth Plans" - December 1, 2025
28. Healthcare Innovation: "UnitedHealth's Optum Health Looks to Rebound by Trimming Providers, Markets, Services" - October 28, 2025
29. Becker's Healthcare: "UnitedHealth's Optum Sours on Affiliated Physician Model" - October 29, 2025
30. Modern Healthcare: "UnitedHealth to Stop Covering Most Remote Patient Monitoring" - November 10, 2025
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32. MedCityNews: "Pfizer's Sweeter $10B Offer Beats Novo Nordisk in Bidding War for Obesity Biotech Metsera" - November 9, 2025
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34. MedCityNews: "Takeda Boosts Pipeline and Revenue Growth Prospects With $1.2B Deal for Innovent Cancer Drugs" - October 22, 2025
35. MedTech Dive: "Thermo Fisher to Acquire Clinical Trial Data Firm Clario for $8.9B" - October 29, 2025
36. Modern Healthcare: "CMS Finalizes Medicare Pay Hike for Doctors" - October 31, 2025
37. Modern Healthcare: "Fairview to Spend $1B in University of Minnesota Physicians Deal" - November 12, 2025
38. Modern Healthcare: "CommonSpirit's Profitable First Quarter Overshadowed by Headwinds" - November 14, 2025
39. Modern Healthcare: "Here are the State Healthcare Laws Taking Effect in 2026" - January 5, 2026
40. CNBC: "Medical Supply Firm Medline Jumps More Than 40% in Debut After Biggest IPO of 2025" - December 17, 2025
41. Modern Healthcare: "Corewell Health, Quest Diagnostics Form Joint Venture" - January 5, 2026
42. The Wall Stret Journal: "Pharmacies Flood Medicare Patients With $3 Billion of Extra Drugs" - December 26, 2025
43. An accessible version of the table is available. Please contact christopher.ditta@pnc.com to request the accessible table
44. Data as of December 31, 2025
45. "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