

M&A quarterly activity report: **Q2 2026**

Hospital and health system transactions

In the [Q1 2026 report](#), we noted continuing momentum for hospital and health system M&A transactions, building on a rebound in activity that started in the second half of 2025. That momentum has continued into Q2 2026 with 18 announced transactions (Figure 1), a number that is higher than average historical Q2 results in the post-pandemic era (Figure 2), reflecting more normalized, stable transaction volume.

With three “mega mergers” (transactions in which the smaller party has annual revenue in excess of \$1 billion) among the 18 announced transactions this quarter, the average size of the smaller party increased relative to 2025 average levels. Q2’s \$7.7 billion in transacted revenue also rebounded from last year’s Q2 low. Across the spectrum of Q2 transactions, the signs of strategic positioning for the future were evident in the number of independent systems proactively seeking a partner, which comprised two-thirds of transactions this quarter.

Divestitures only represented 6 of the 18 announced transactions, comprising approximately one-third of the transactions in Q2 2026 (Figure 1).

Figure 1: Q2 2026 at a glance

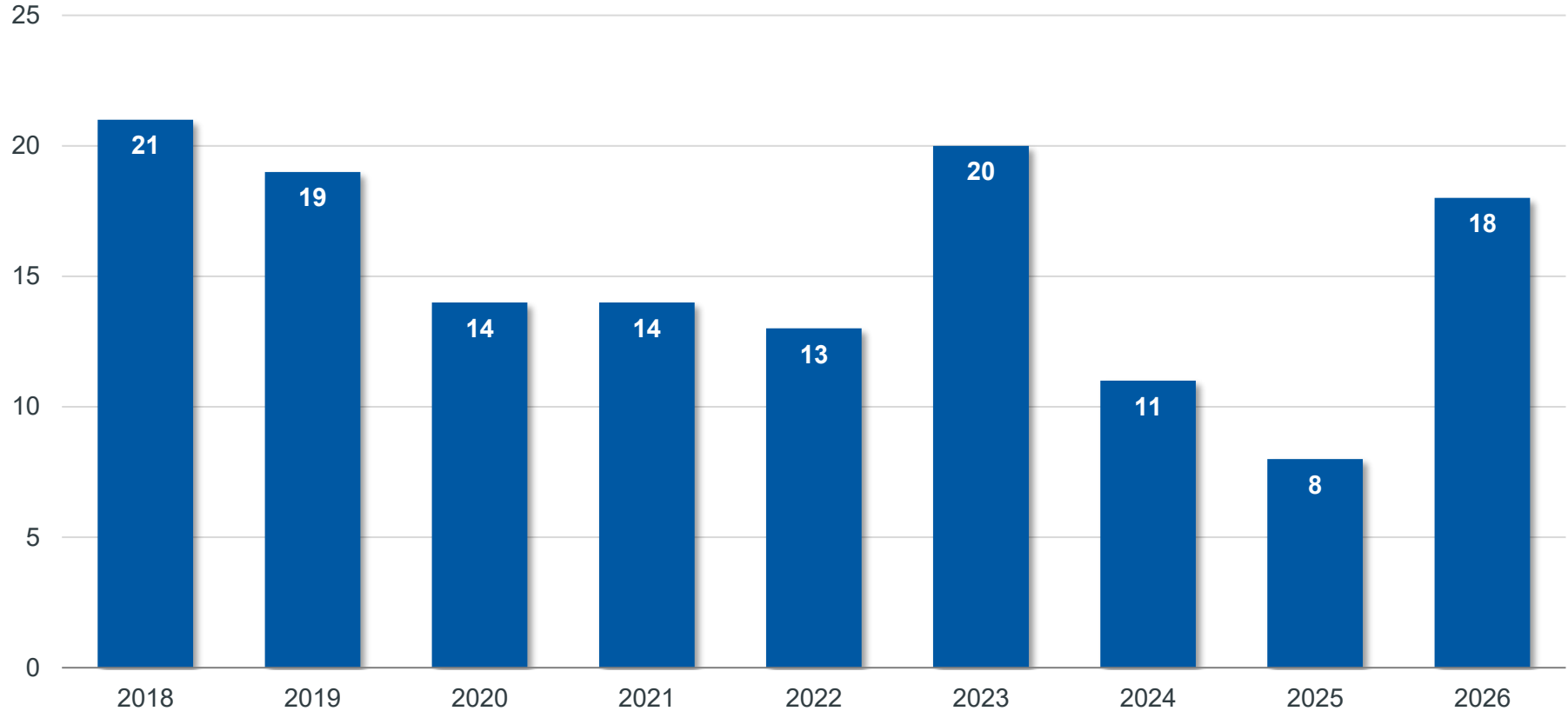
Number of announced transactions	18
Average size of seller/smaller party by annual revenue	\$428 million
Total transacted revenue	\$7.7 billion
Transactions involving:	
• Religiously affiliated seller	1
• Governmental seller	4
• Independent not-for-profit seller	7
• For-profit seller	5
• Academic seller	1
• Financially distressed seller	3
• Religiously affiliated buyer	2
• Governmental buyer	1
• Independent not-for-profit buyer	10
• For-profit buyer	1
• Academic buyer	4
• A divestiture	6

Source: Kaufman, Hall & Associates, LLC

Overview of Q2 activity

The 18 hospital and health system transactions announced in Q2 2026 represent a steady recovery in M&A activity since the latter half of 2025 continuing through Q1 2026 (22 announced transactions). This figure is among the highest Q2 activity recorded since 2019 (Figure 2).

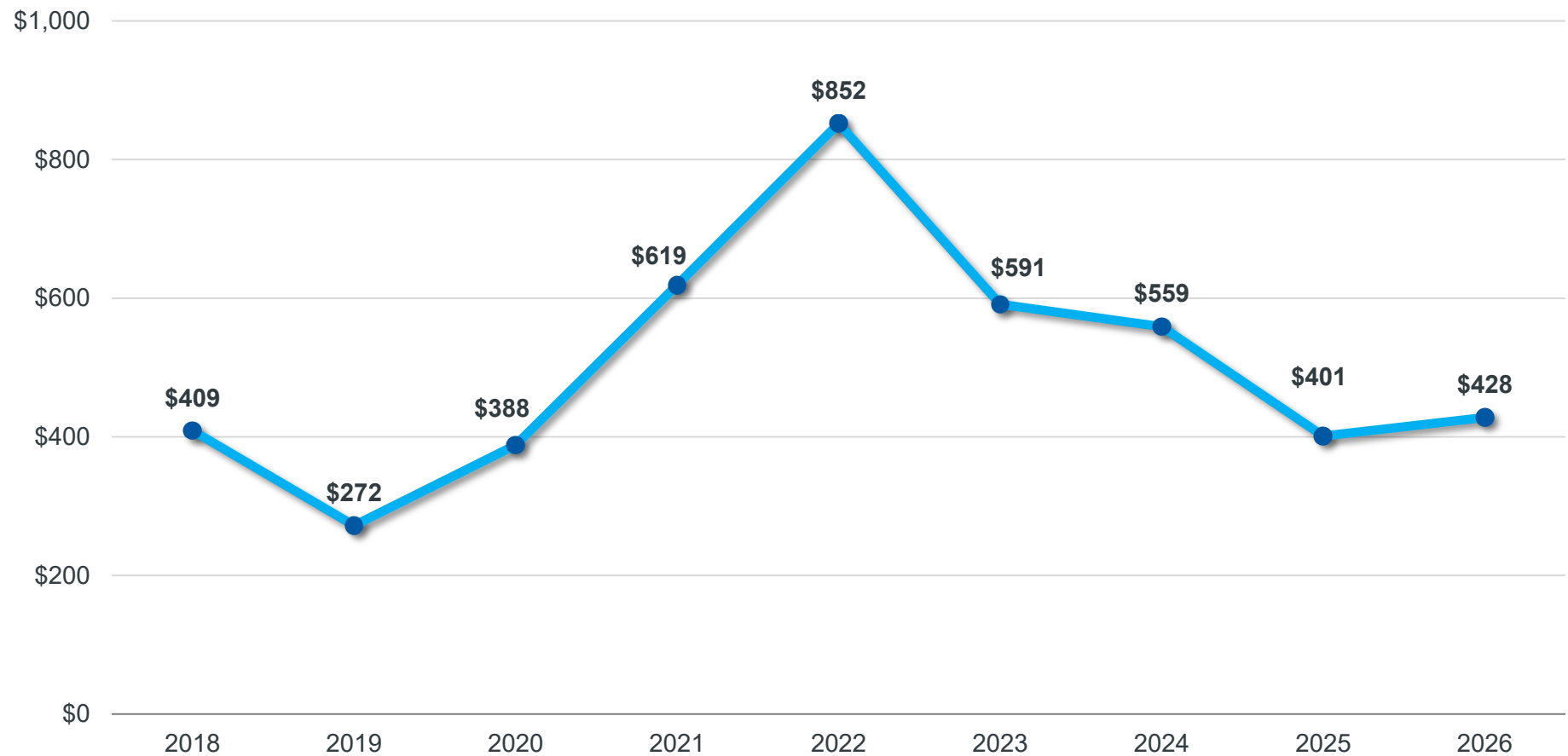
Figure 2: Number of Q2 announced transactions by year, 2018 – 2026



Source: Kaufman, Hall & Associates, LLC

Three announced “mega merger” transactions—including the Quorum Health¹ acquisition and conversion to a not-for-profit entity—helped boost Q2 average seller size to just about \$428 million, in line with recent year-end averages (Figure 3).

Figure 3: Average seller size (\$s in millions), Q2 2026 compared with year-end averages, 2018 – 2026

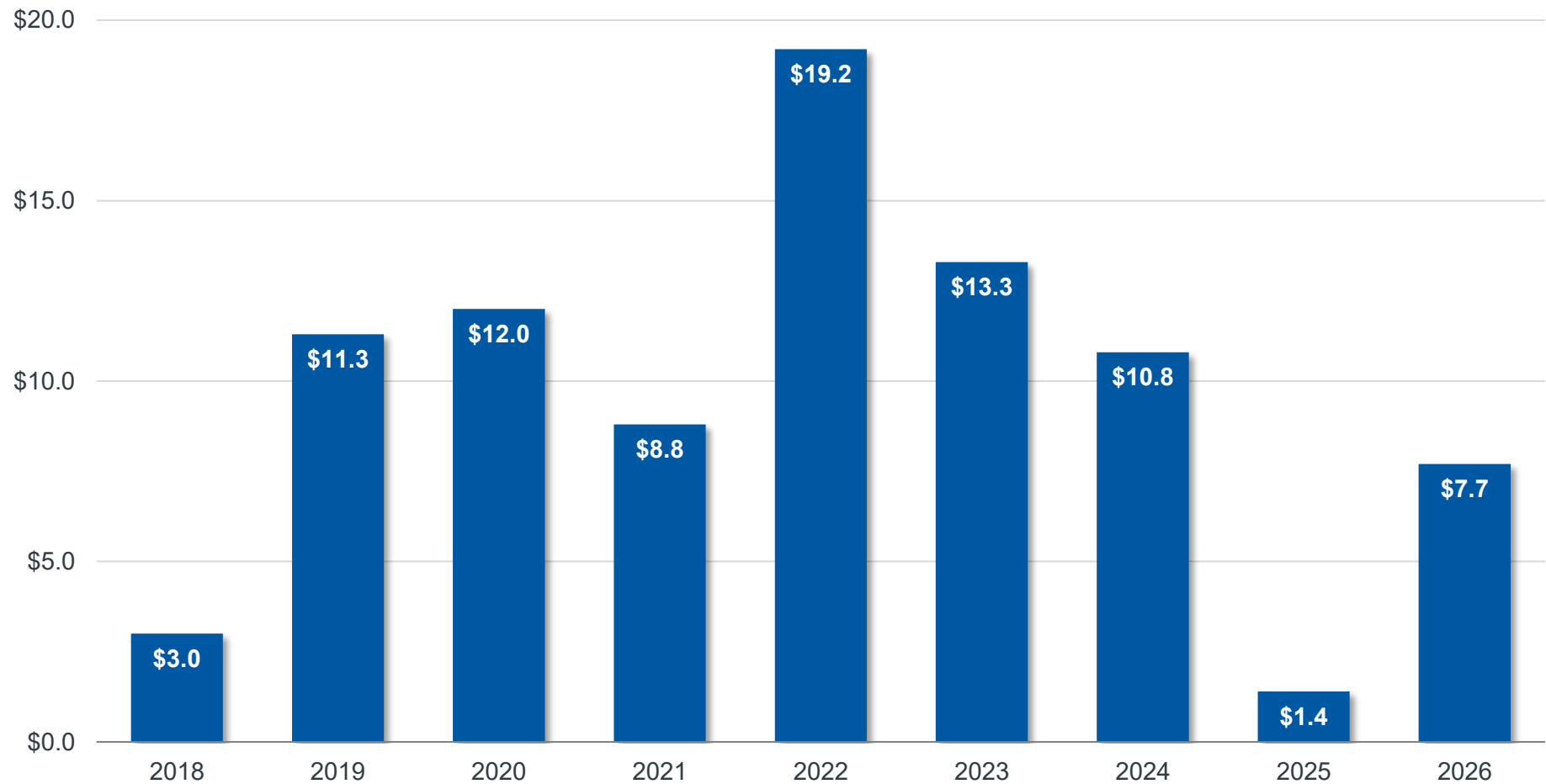


Source: Kaufman, Hall & Associates, LLC

1. Quorum Health, "Quorum Health enters agreement to become nonprofit, strengthening commitment to community health," press release, May 21, 2026. Kaufman Hall served as an advisor in this transaction.

Total transacted revenue of \$7.7 billion across the 18 announced transactions (Figure 4), a revenue level that rebounded significantly from last year's low.

Figure 4: Total Q2 transacted revenue (\$s in billions) by year, 2018 – 2026



Source: Kaufman, Hall & Associates, LLC

Buyer dynamics continued to favor not-for-profit acquirers, as nearly all transactions involved not-for-profit acquirers in Q2. Not-for-profit health systems, including academics, remain focused on disciplined, opportunistic growth in both existing and new markets.

Q2 highlights

Strategic positioning for future growth

Our [Q1 2026 report](#) pointed to early signs of proactive positioning, as health systems navigate the challenges ahead. Rather than simply reacting to macroeconomic pressure, organizations are increasingly making strategic decisions over a longer time frame and making near-term structural changes now to support future goals.

Quorum Health offered one of the clearest examples of this repositioning, using a transaction to align its organizational structure with community needs to create stakeholder and financial value and to open the door for future growth.

Recently, Lee Health² also executed a governance restructuring to better position the organization to meet community needs and enhance flexibility to pursue strategic growth through partnerships.

Since the restructuring, Lee Health has announced several partnerships and transactions, including the acquisition of a

Quorum Health acquisition and not-for-profit transition

Quorum Health, a multi-state health system with 11 hospitals, re-evaluated its organizational structure in the context of an increasingly challenging environment. The previously distressed rural health provider decided to identify and create a more durable, sustainable model that repositions the organization for future success. In a first-of-its-kind transaction, Quorum Health announced plans to transition from a for-profit, private equity-backed model to a not-for-profit health system through the acquisition of Quorum Health by QKA Health Corporation, d/b/a Healthside Partners, a newly formed not-for-profit organization. The proposed transaction enables Quorum to capture the synergies of not-for-profit status to better fulfill its mission to deliver sustainable, quality care in rural and mid-sized communities across nine states.

The transaction highlights the role of strategic repositioning to enable future flexibility and execution, improved alignment with community needs, and supports long-term sustainability. It further paves the way for organizations to increasingly evaluate structural positioning as part of broader strategic planning.

2. Lee Health, "Lee Health acquires Florida Heart Associates, expanding cardiology services," press release, May 21, 2026. Kaufman Hall served as an advisor in this transaction.

cardiology practice to expand the organization's capabilities and differentiate its cardiac service offering.

Growing wave of larger partnerships

The definition of scale itself continues to evolve. Organizations once considered "large" and often participating as the acquiring entity are now seeking partnerships with larger organizations built on capability-driven rationale to best position their organizations in recognition of the demands to succeed in the future operating environment.

Historically, particularly during the 2010–2020 period, deal activity concentrated among smaller, independent, or distressed organizations. Increasingly, that activity is extending to larger, more scaled organizations, a trend that continued in Q2 resulting in six announced “mega mergers” this year, more than all of 2025. The organizations entering these partnerships are significantly larger than those seen in prior transaction cycles. More scaled organizations in the \$500 million–\$3 billion range are proactively pursuing partnerships to accelerate capabilities and advance long-term strategy, rather than waiting until they have no other choice.

Transactions such as North Memorial Health³/Sanford Health, WakeMed Health & Hospitals/Atrium Health, and Quorum Health/Healthside Partners point to this growing segment of the

Increasingly larger organizations, in particular, appear to be pursuing strategic partnerships seeking proactive, capability-driven differentiation and making decisions from a position of opportunity, not distress.

market: strategically proactive, scaled organizations investing in future capabilities, seeking out complementary strengths, and choosing partnership before it becomes a necessity.

Together, these deals reflect a shift toward strategic, capability-driven rationale—organizations pursuing broader clinical capabilities, operational sophistication, and regional reach [over scale](#) alone.

Looking forward

The Q2 2026 trends reflect increasingly strategic—rather than reactive—M&A activity. Health systems are proactively positioning by evaluating partnerships earlier in their strategic planning cycles, building scale with increasingly capability-driven rationale, and exploring novel partnership structures that enable future success. Healthier, scaled organizations are increasingly looking to partnership in the future to better prepare to face the macroeconomic challenges and opportunities that lie ahead.

3. North Memorial Health, “Sanford Health, North Memorial Health plan to combine,” press release, May 8, 2026. Kaufman Hall served as an advisor in this transaction.

For More Information

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