

LONG-TERM CARE PHARMACY M&A BUILDS TO HISTORIC HIGHS ACROSS CHANGING MARKET

The long-term care pharmacy sector is undergoing meaningful transformation, supported by favorable demographic trends, evolving care models and continued healthcare consolidation. While implementation of the Inflation Reduction Act created reimbursement uncertainty and temporarily tempered transaction activity in late 2025 and early 2026, acquirer interest has since strengthened. Investor and strategic demand is expanding across assisted living and behavioral health pharmacy, where fragmented provider networks and growing patient populations present opportunities for scale. Independent LTC pharmacy operators are now navigating strong underlying demand, increasing M&A activity and continued reimbursement and operating margin pressures.

Two significant 2024 transactions elevated investor interest in LTC pharmacy. OptumRx's acquisition of PharmScript demonstrated strategic demand for scaled platforms, followed by Guardian Pharmacy's IPO, which raised \$112 million at an approximately \$852 million valuation. Together, these transactions strengthened market visibility, established important valuation benchmarks and reinforced growing acquirer confidence in the sector's long-term outlook.



"LTC Pharmacies that serve assisted living and behavioral health are in an excellent position to approach the market with valuations at historic highs."

Building on this momentum, behavioral health pharmacy has become a significant driver of LTC pharmacy M&A. With some valuations **stretching to double digit multiples**. Carlyle's acquisition of Tarrytown Expocare in 2025 was followed by multiple sizable behavioral health pharmacy transactions in 2026 involving leading healthcare-focused private equity firms. These transactions demonstrate growing investor demand for behavioral health and IDD pharmacy platforms and have established compelling new valuation benchmarks for the sector.

Currently, LTC pharmacies serving assisted living, correctional facilities and behavioral health populations are particularly well positioned to approach the market. Valuations are at historically peak levels, with numerous organizations actively seeking acquisitions nationwide. Larger pharmacies also offer economies of scale and potential transaction synergies that can create additional value and opportunity for sellers.



While profitability plays a key role in valuation, direct contracts, LAI utilization, geography, size and other characteristics can make a pharmacy particularly attractive—but often only to the “right buyer.” Private equity firms, strategic acquirers and independent buyers are increasingly contacting owners directly to source acquisitions. Although established market participants routinely pursue acquisitions, owners must consider running a competitive process. Often, a second or third buyer may have a more urgent strategic need and a greater willingness to pay a premium. For an owner considering a sale or partnership, identifying the right buyer—and maximizing value—requires confidential discussions with several well-vetted acquirers.

“***For an owner considering a sale or partnership, identifying the right buyer - and maximizing value - requires confidential discussions with several well-vetted acquirers.***”

References

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- 2 Pitchbook, Industry Research - Healthcare Services Public Comp Sheet and Valuation Guide, Q1 2026

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