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**HOSPITAL M&A ACTIVITY REBOUNDS IN 2004,
OTHER HEALTH CARE SERVICES SECTORS ARE A MIXED BAG,
ACCORDING TO IRVING LEVIN ASSOCIATES, INC.**

NEW CANAAN, CT – March 23, 2005 - After hitting its lowest level of merger and acquisition activity in 15 years in 2003, the hospital M&A market rebounded in 2004, posting 58 announced transactions, a 57% increase from the 37 deals announced in 2003. In addition, the dollar volume of announced hospital mergers and acquisitions more than quadrupled to \$9.5 billion, compared with \$2.3 billion in 2003. “While the increased deal activity looks like a strengthening of the hospital M&A market, the reality is that many of the deals were related to Tenet Healthcare Corp. divesting a few dozen hospitals,” commented Sandy Steever, editor of The Health Care Acquisition Report, 11th Edition. “Most of the dollar volume of activity came from four billion-dollar transactions, three of which involved private equity firms taking hospital chains private,” continued Mr. Steever. The private equity firms were Welsh, Carson, Anderson & Stowe, The Blackstone Group and Texas Pacific Group.

Although overshadowed by the health care technology segment, which includes pharmaceutical, biotechnology, medical device and e-health companies, the health care services segment posted a total of 420 mergers and acquisitions in 2004 worth a total of \$39.1 billion, based on disclosed prices. This overall activity was very comparable to the levels in 2003. The second most active sector in the health care services segment was managed care, with \$10.0 billion of announced



deals. Although the dollar volume decreased by 53% from 2003, the number of managed care transactions actually jumped by 21% to 35.

In other highlights, the number of behavioral health transactions almost doubled in 2004 from the prior year, while the dollar value of those deals increased by 25%. Even physician medical group transactions, which are fraction of the activity in the mid-1990s, saw a 33% increase in deal volume to 36 transactions, worth nearly \$2.1 billion, compared with just \$119 million in 2003. The dollar volume was dominated by Welsh, Carson, Anderson & Stowe's acquisition of US Oncology for \$1.7 billion. "Despite concerns over Medicare reimbursement and liability insurance, combined with the uncertainty of a presidential election, the health care services M&A market was remarkably resilient in 2004," commented Stephen M. Monroe, a partner at Irving Levin Associates. "We expect a similar level of activity in 2005."

The Health Care Acquisition Report, Eleventh Edition, contains more than 125 pages of hard-to-find information on all publicly announced hospital, managed care, laboratory services, physician medical group, behavioral health and rehabilitation mergers and acquisitions in 2004. Irving Levin Associates, Inc. is a New Canaan, Connecticut-based research and publishing firm specializing in health care investments. The firm has more than 50 years experience in the health care and seniors housing acquisition market. The Health Care Acquisition Report, Eleventh Edition, may be purchased for \$495 by calling 800-248-1668 or logging in at www.healthcaremanda.com.

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