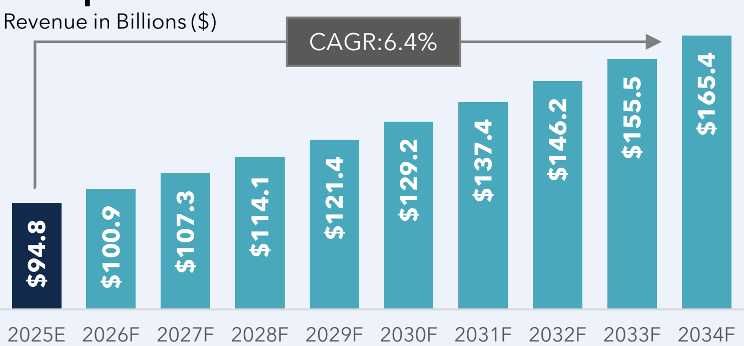
Behavioral Health
INDUSTRY REPORT

U.S. Behavioral Health Market Overview

The U.S. behavioral health market is among the fastest-growing segments within healthcare, underpinned by structurally constrained supply, rising utilization intensity, and expanding payer coverage. These dynamics are accelerating the shift toward scalable, integrated, and hybrid care models, creating a compelling environment for institutional capital and strategic consolidation.

In **2025**, the **U.S. behavioral health market,** expected to reach **$94.8B,** is projected to grow to **$165.4B by 2034,** representing a period forecast **6.4% CAGR**.[1]

Anticipated U.S. Behavioral Health Market Growth



Source: Precedence Research

Growth continues to exceed that of other specialty care categories as mental health is increasingly recognized as fundamental to overall health outcomes. Demand for behavioral health services is rising as the prevalence of depression, anxiety, substance use disorders, and PTSD continues to increase and mental health becomes more firmly embedded in holistic care delivery.

Reduced stigma, broader insurance coverage, supportive policy reforms, and the normalization of virtual care have lowered access barriers and driven sustained utilization growth.

Although provider shortages remain a structural constraint, particularly in underserved markets, expanded tele-behavioral health, integrated care models, and digital and AI-enabled tools are helping extend clinical capacity and support continued market expansion.

Select Industry Aggregators:

ACADIA HEALTHCARE | BHG Behavioral Health Group | curalinc HEALTHCARE | LifeStance HEALTH | Transformations Care Network | UHS

Key Trends

Demand growth continues to outpace capacity:

By **2026, 25.2% of Americans are projected to require behavioral health services** (over 120 bps above 2021 levels) cementing a multi-year demand overhang that continues to outstrip provider capacity and drive system-wide cost pressure[2]

Behavioral health emerging as a key cost driver:

Rising utilization is driving sustained cost pressure, with **one-third of health plan** actuaries citing behavioral health as a top medical cost inflator and **projecting 10–20% annual trend growth,**[3] favoring scaled, integrated platforms

Digital and AI tools are scaling faster than clinical guardrails:

Tele-behavioral health and digital tools are now embedded in care delivery, expanding access and capacity, while **generative AI adoption is increasing** amid still-evolving clinical validation and regulatory oversight

Acceleration of integrated and preventive care models:

Payers and providers are expanding **integrated behavioral-physical care models,** including CCBHCs, supported by stronger mental health parity enforcement improving access consistency and reimbursement visibility

Key Statistics

Behavioral health utilization increased **45% from 2023 to 2024**, led by nearly **80% growth in inpatient claims** and **40% growth in outpatient services** [3]

More than 1 billion people globally are living with mental health disorders, reinforcing sustained demand in the U.S. market[4]

62% of U.S. adults cite societal division as a major source of stress, while roughly half report persistent loneliness[5]

Sources: CP Research; (1) Precedence Research, (2) Fierce Healthcare (Behavioral Health Demand Outlook), (3) PWC, (4) World Health Organization (WHO), (5) American Psychological Association

Increased Investor Interest

U.S. behavioral health investor interest continues to accelerate, supported by favorable demographic tailwinds, recurring-revenue outpatient care models, and a highly fragmented provider landscape. Structurally constrained clinical supply, rising patient acuity, and durable, non-discretionary demand create an attractive environment for scaled platforms that can expand access while improving operating leverage.

M&A Driver Considerations

Private equity and strategic buyers are prioritizing:

- Integrated, multi-modal care platforms combining behavioral, physical, and digital services to improve outcomes and reduce system friction
- Centralized operating infrastructure that preserves clinician autonomy while scaling billing, intake, marketing, and HR through shared services
- Enhanced clinician utilization and care pathway expansion, driving measurable quality improvement and EBITDA uplift
- Founder-friendly ownership transitions, offering liquidity with retained equity participation and upside through platform expansion
- Reimbursement tailwinds, including parity enforcement and the gradual shift toward value-based care, improving revenue durability

The sector's persistent fragmentation continues to support consolidation as buyers build multi-site, multi-specialty platforms with diversified payor mixes and scalable infrastructure. **Elevated diagnosis rates, sustained supply-demand imbalance, and policy focus on access expansion underpin a durable M&A runway through 2025-2030.**

Key PE-Backed Behavioral Health Platforms

Platform	Investors
ARC Health	TG Thurston Group
Beacon Specialized Living	Vistria
Curalinc Healthcare	Lightyear Capital
Discovery Behavioral Health; People's Care	Webster Equity Partners
Geode; BlueSprig	KKR
Transformations Care Network	Shore Capital Partners
The Stepping Stones Group	LGP Leonard Green & Partners

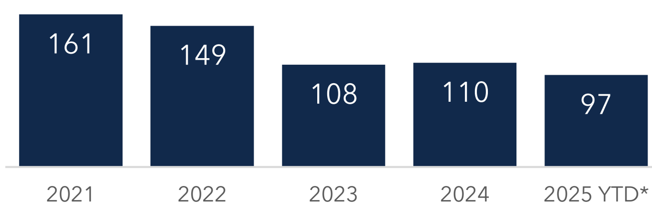
Sources: CP Research; (6) Mertz Taggart, (7) PitchBook

Recent M&A Activity[7]

Date	Target	Acquirer
Dec-25	Summit Behavioral Health	BriteLife Recovery
Aug-25	Resilience Lab	Cerebral
Jul-25	Psychiatric Medical Care	The Carlyle Group (NAS: CG)
Jul-25	Crestone Wellness	Bradford Health Services
Jul-25	The Chapter House	Bradford Health Services
Jul-25	The Last Resort Recovery Center	Bradford Health Services
Apr-25	Behavior Frontiers	NexPhase Capital
Jan-25	C.A.B.S	Already Autism Health
Jan-25	BrightSpring Health Services (Community Living Business)	Sevita

Behavioral Health M&A Activity[6]

Deal Count



YTD: as of Q3 2025

Select Healthcare Experience

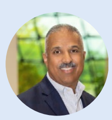
Sell-Side Advisor
FCM First Care Medical
has been acquired by
Excelsia Injury Care

Buy-Side Advisor
FCM First Care Medical
has acquired
Advanced Spine Rehabilitation

Sell-Side Advisor
BVA Better Vision Ahead
has been acquired by
Vision Integrated Partners
a portfolio company of
Firmament

Sell-Side Advisor
DeGara
has merged with
American Physician Partners

Contact Us



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