



THL Insights

JPM 2026 Recap + Outlook | January 2026



J.P. Morgan Healthcare Conference Key Themes and Takeaways

Insights from THL's Healthcare Team on the Market and Investment Outlook for the Year Ahead

Earlier this month, THL's healthcare team traveled to San Francisco for the 2026 J.P. Morgan Healthcare Conference, joining healthcare executives, investors, and operators for one of the industry's most closely watched events. Both the city and the conference felt very active – meeting calendars were full, conversations were substantive, and the overall pace reflected a healthy and accelerating market.

From a macro perspective, the backdrop as we enter 2026 is notably more constructive than in recent years.



EY's 2026 Healthcare Sector Outlook highlights expanding lower-acuity care models, strategic cost management, and target AI and M&A investment as key drivers of growth and resilience—pointing to a healthier risk environment for healthcare investment.¹



In Q4 2025, biotech funding rebounded to its strongest quarter since 2022, supported by multiple \$5B+ transactions and a sharp uptick in U.S. clinical trial starts (+8% year-over-year), both of which are early indicators of renewed R&D and commercialization activity.²



Many investors expect a continued biotech rebound, fueled by M&A as large pharma works to replenish pipelines,³ alongside sustained growth in home-based care driven by demographic tailwinds and ongoing site-of-care shifts⁴.

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As Josh Nelson, Managing Director and Head of Healthcare at THL, observed, the shift is subtle but meaningful.

“What stood out at JPM this year was the confidence in real operational progress and the sense that healthcare's innovation cycle is gaining traction again. Conditions might not be perfect, but leaders and investors are seeing tangible momentum across pipelines, capital flows, and strategic execution.”

In addition, several themes surfaced across the week, offering a clear lens into where we believe healthcare is headed in 2026.

Key Themes from the JPM Healthcare Conference

01

From cautious optimism to increased confidence

This year's conference reflected a clear move beyond cautious optimism toward a more grounded sense of confidence. Leaders were candid about ongoing challenges (labor, reimbursement, and regulatory complexity), but the dominant narrative was one of solid operating performance and improving fundamentals.

Rather than waiting for perfect macro clarity, companies are focusing on execution: driving margin improvement, building recurring revenue, and growing with discipline.



As THL Managing Director Megan Preiner said, "We're seeing more of a barbell effect: some companies struggled in 2025 more than they expected, while others performed well, took share, and are entering 2026 with real momentum."

Expectations felt better aligned, enabling productive discussions around potential investments. The result is a healthcare market that feels less reactive and more intentional — one that is increasingly prepared to build through cycles.

02

The evolution of AI from theory to execution

AI continues to be on everyone's mind, but the conversation has matured. Over the past year, discussions around AI have evolved from the promise of disruptive innovation to the realities of initial AI-driven capabilities. Companies were able to articulate clear, near-term applications, including the automation of administrative workflows, revenue cycle management, clinical documentation, and accelerated product development. And companies continue to focus less on using AI to reduce cost and more on driving efficiency and product development in order to drive more productivity and impact for customers.

“Andrew Garske, Principal at THL, said, “We’re seeing product roadmaps that used to be years long get massively compressed – into months or even weeks.”

THL Managing Director Jon Lange added, “No one is looking to do less for their customers as a result of AI. This wave of innovation is particularly exciting because it has the potential to drive a step change in the level of service and the standard of care across nearly every specialty and subsector of healthcare.”

AI is increasingly viewed as a growth enabler and innovation accelerator, not just a cost lever. We expect its practical application to continue reshaping how value is created across the healthcare ecosystem.

03

China’s growing role in global healthcare innovation

China’s presence was another recurring theme, particularly in life sciences. While geopolitical complexity remains, the pace of innovation and scale of investment coming out of China is reshaping global competitive dynamics.

McKinsey notes that China’s growing role in biopharma—through faster development cycles, expanding scientific talent, and integrated global partnerships—is reshaping productivity across the global industry.⁵

“The takeaway on China’s ascent in biotech innovation was consistent,” said Peter McClelland, Director at THL.

“The recurring theme was the need for faster development cycles, more efficient manufacturing, and clearer differentiation in order to compete.”

In practice, we believe this means companies will sharpen execution and lean more heavily on partnerships to accelerate development, improve efficiency, and compete at a global level.

How These Trends are Playing Out by Subsector

Beneath the headline trends, JPM also revealed important nuances by subsector, highlighting where momentum is building and where strategies are evolving.



1

HCIT:

Investors are prioritizing clarity over hype, favoring truly recurring businesses and AI-enabled platforms that are actively automating legacy services.

2

Pharma Services:

The outlook has strengthened as the quality of underlying pipelines has improved meaningfully.

“The concentration of higher-quality assets is a strong leading indicator for commercialization, late-stage research, manufacturing demand, and life sciences tools activity in 2026,” said Ben Stern, Principal at THL.

3

Home-Based Care:

Amid regulatory uncertainty, demand for home-based care remains high.

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“The demand for care over the next 30 years will far exceed the labor supply, and companies are addressing this challenge with a variety of exciting new care models and technologies,” said Lange.

“Careforth is a great example of that, where the company pioneered an innovative care model and proprietary technology to unlock the latent workforce of family caregivers that will help address the demand in the coming decades.”

4

Provider Services:

Investor interest is increasingly shifting toward provider services that help healthcare organizations operate more efficiently, with revenue cycle management and AI-enabled operational support emerging as primary areas of focus. The sector also appears to be entering a natural consolidation phase, where scale and platform capabilities are becoming increasingly more important.

5

Payor Services:

Employers remain highly focused on cost containment. This is creating growing opportunity for solutions that help payors and employers manage healthcare spend more effectively without compromising outcomes.



Looking Ahead

The key themes from JPM point to a healthcare sector with increasing momentum. Macro conditions are promising, innovation is accelerating, and capital is increasingly flowing toward businesses that combine operational rigor with strategic clarity.

“We’re excited about the increasing momentum across the healthcare sector,” said Nelson.

“Continued demand for care, strong underlying business performance, and the accelerated pace of innovation all set the stage for even more compelling opportunities in 2026 and beyond.”

To learn more about JPM’s 2026 healthcare conference and THL’s long-standing experience in healthcare investing, visit www.THL.com or contact our team today:

Josh Nelson

Managing Director & Head of Healthcare

jnelson@thl.com

Megan Preiner

Managing Director

mpreiner@thl.com

Jon Lange

Managing Director

jlange@thl.com

Andrew Garske

Principal

agarske@thl.com

Peter McClelland

Director

pmcclelland@thl.com

Ben Stern

Principal

bstern@thl.com

¹ Healthcare sector outlook: growing amid headwinds in 2026. EY. December 17, 2025.

² Life Sciences Observations – January 9, 2026. Boston Consulting Group. January 2026.

³ 1 Big Thing: JPM’s deal drought doesn’t spook investors. Axios Pro Biotech Weekly. January 17, 2026.

⁴ What to expect in US healthcare in 2026 and beyond. McKinsey & Co. January 12, 2026.

⁵ The emerging epicenter: Asia’s role in biopharma’s future. McKinsey & Co. January 7, 2026.