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Finding Balance: Trends and Tax Strategies to Improve Your Finances

August 19, 2025



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Session CPE Requirements

- You need to attend 50 minutes to receive the full 1 CPE credit.
- There will be 4 polling questions throughout the presentation. You must respond to a minimum of 3 to receive the full 1 CPE credit.

****Both requirements must be met to receive CPE credit****



Learning Objectives

1

Identify key drivers of activities in a fast-changing environment

2

Recognize transaction trends being used to advanced strategic growth and financial stability

3

Recall specialty tax strategies to improve finances, including pre- and post-transaction considerations



Poll Question

- How optimistic are you on the current economic conditions and the impact to your organization?
 - 5 = Very confident
 - 4 = Confident
 - 3 = Neutral
 - 2 = Somewhat confident
 - 1 = Not at all confident





Four Major Drivers in 2025



Four Drivers We're Watching in 2025



Hospitals and Health Systems



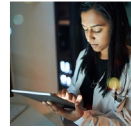
Administration, Congress

- OBBA
- Robust Capitol Hill activity
- Site neutral payments
- Price transparency continues
- 340B program target
- Medicaid funding targeted
- DSH cuts
- Physician owned hospital ban lifted?
- Overall = difficult reimbursement, regulatory environment



Strategic growth

- Portfolio realignment
- Cross-market mergers
- New collaborations or unique alliances
- Segment seeks to transform itself from within
- More joint ventures (ex with ASCs), new partnerships
- Ongoing movement to outpatient setting/services



Financial improvement

- Portfolio realignment
- Flattened management structures
- Outsourcing certain functions pursued
- Financial calculus could require closing locations or services
- Labor need, costs



AI, technology

- Technology and innovations will grow
- Technology and AI will produce improvements and efficiencies in the key areas: patient discharge processes, virtual care delivery, AI scribes, revenue cycle functions, and care quality
- Cybersecurity a must

Senior Living and Care



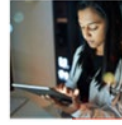
Administration, Congress

- OBBA
- Staffing mandate repealed
- Medicaid/HCBS reforms could negatively impact segment
- Medicare Advantage reforms (prior auths) could still be on tap
- Less scrutiny on private equity but they are not off the hook



Strategic growth

- Ownership transitions
- Middle market solutions
- Regional density, local market knowledge
- Value models
- Co-located communities
- Strategic divestiture of non-core assets
- Mergers and acquisitions
- Repositioning, renovations



Financial improvement

- Debt, capital planning
- Pricing balance
- Resident profiles include higher acuity, shorter lengths of stay
- Importance of move-ins, strong lead generation
- Managing federal payer streams essential, differentiator
- Understanding, long-term planning for shifting consumer preferences



AI, technology

- Innovations will take root
- Focus on admissions process
- Better management and understanding of internal data

Physicians, Dental Practices



Administration, Congress

- OBBBA
- Medicare reimbursements continue to decline
- Medicare Adv. reforms possible
- Some hospital site neutral payments possible
- Ban on physician owned hospitals potentially opened up



Strategic growth

- Ongoing movement of patients to outpatient setting/services offers new opportunities in key services
- Dental M&A picks up due to pent-up demand, underutilized capital
- Renewed focus on strategic investments



Financial improvement

- Transactions continue
- Reviewing and improving financial operations important and practices will look to AI, automation
- Some nearing retirement will need to focus on preparing for succession, sale
- ASCs joint ventures with hospitals will continue as operating costs and expenses both increase



AI, technology

- Technology, AI, innovations will expand
- Key solutions focus on clinical notes, streamlining operations, addresses redundancy, improving patient outcomes, access, processes



Life Sciences



Administration, Congress

- OBBBA (ex: Sec. 174)
- Pharmacy benefit managers a target
- Tariffs pose problems
- Patent reforms possible
- Focus on innovation
- Shifting focus with new HHS, FDA leaders



Strategic Growth

- Strategic growth continues as companies look to add to pipelines
- Private equity funding/interest increases
- Digital, med tech deals improve after a slower 2024
- Portfolio realignments and/or gaps lead to deal activity



Financial Improvement

- M&A continues to bring financial stability for some companies
- Sale of non-core assets continues
- Potential for global economic, supply chain disruptions (tariffs etc.) results in efforts to build redundancy and/or new suppliers
- Layoffs seen in 2024 and may continue into 2025
- Onshoring operations



AI, technology

- AI, digital and technology are increasing across all of health care and life sciences is no different
- AI use will focus on improving operations as well as in the R&D function (furthering drug discovery etc.) long-term



Polling Question

What area do you believe saw more transaction activity this year compared to last year?

- Physicians
- Hospitals
- Digital/eHealth
- None of the above



Why a Transaction?

Struggling
financials

Strategic
growth

Economies
of scale

Diversification

Strategic
advantage

Innovations,
technology

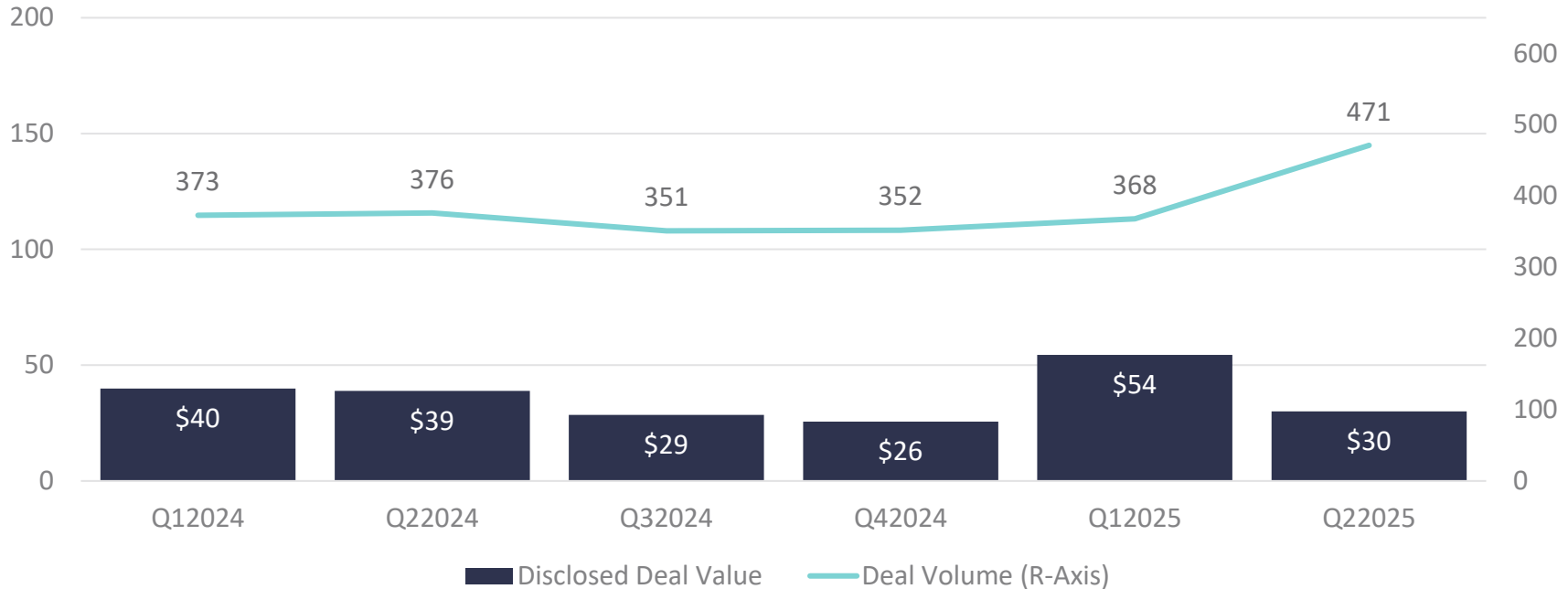
Vertical
integration

And more...



Deal Value/Volume Q1 2024 – Q2 2025

Chart A - Deal Value (\$B) / Volume Q1 2024 - Q2 2025



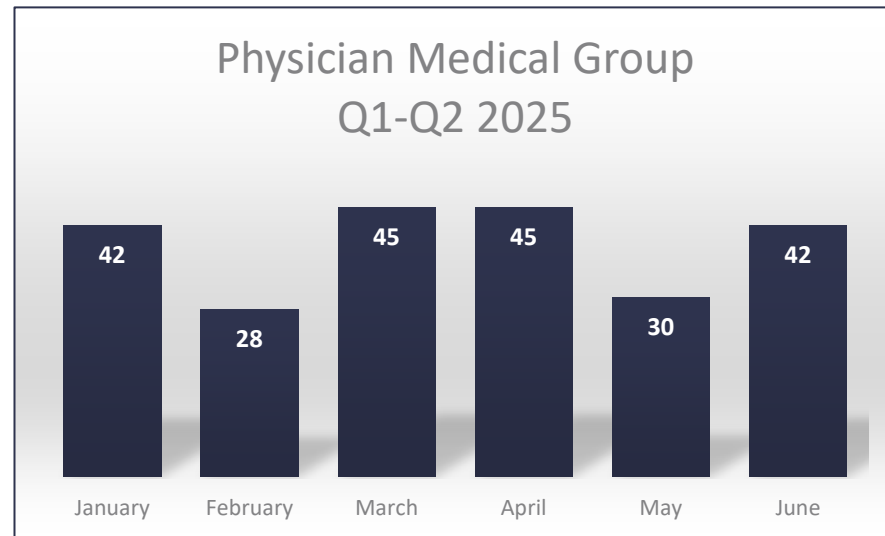
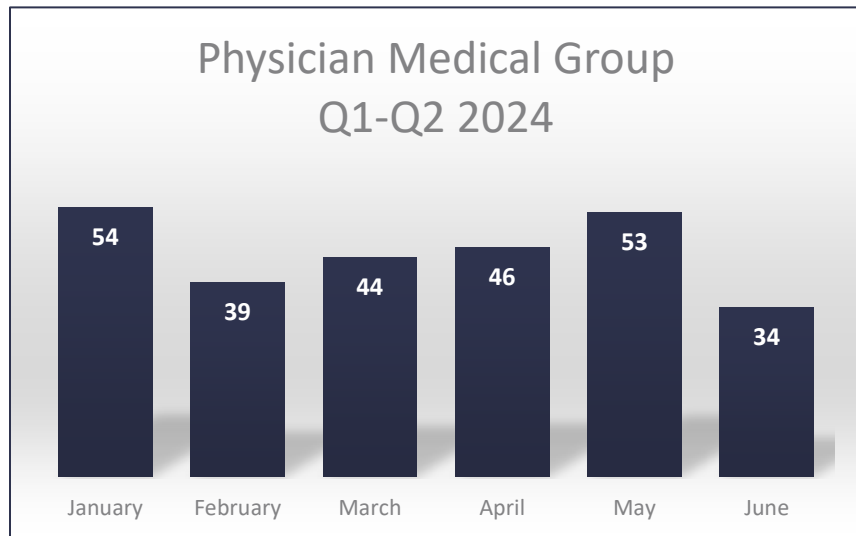
Publicly announced U.S. deals

Source: LevinPro HC, Levin Associates 2025, levinassociates.com



Physician Medical Groups Deal Volume

Q1/Q2 2024 vs 2025



270 transactions



232 transactions

Publicly announced U.S. deals

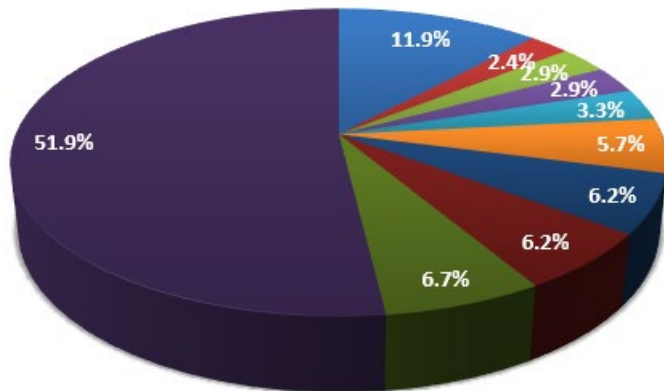
Source: LevinPro HC, Levin Associates 2025, [levinassociates.com](https://www.levinassociates.com)



Physician Practice Group Top 5

Q1/Q2 2025

Chart C - Physician Practices by Speciality - Thru 2025 Q2



Dental – 51.9%
Other – 11.9%
Dermatology – 6.7%
Eye Care – 6.2%
Internal Medicine – 6.2%

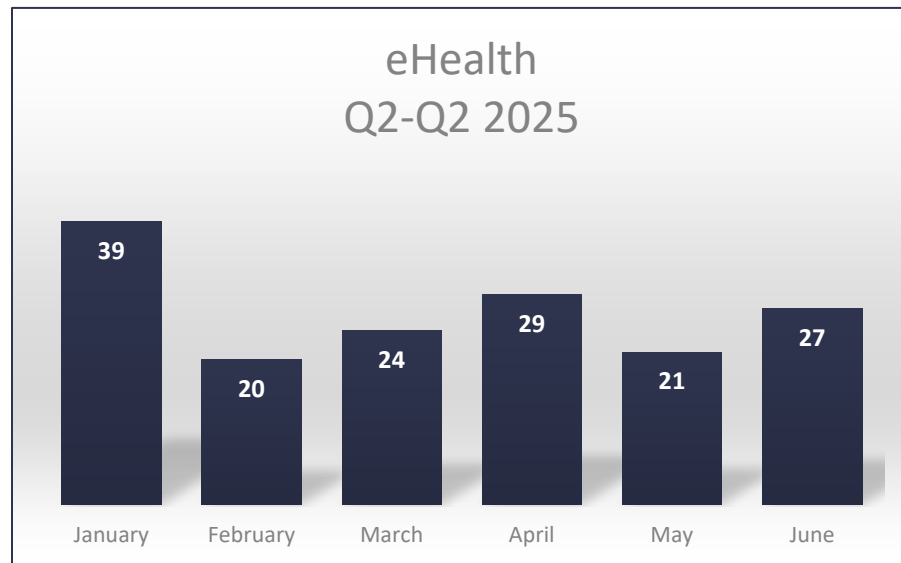
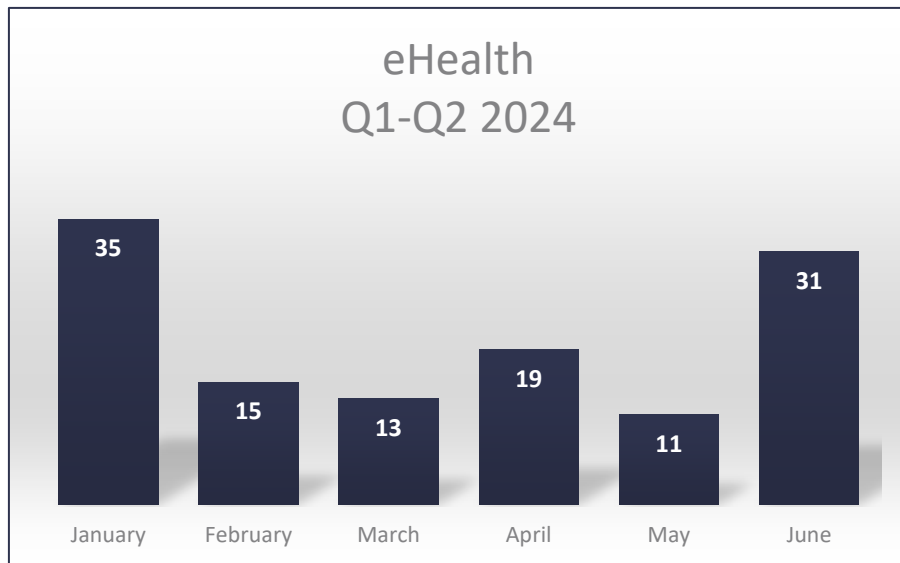
■ Other ■ Oncology ■ OB/GYN ■ Cardiology ■ Plastic Surgery ■ Orthopaedic ■ Internal Medicine ■ Eye Care ■ Dermatology ■ Dental

Publicly announced U.S. deals

Source: LevinPro HC, Levin Associates 2025, levinassociates.com

eHealth Deal Volume

Q1/Q2 2024 vs 2025



124 deals in 2024 → 160 deals in 2025

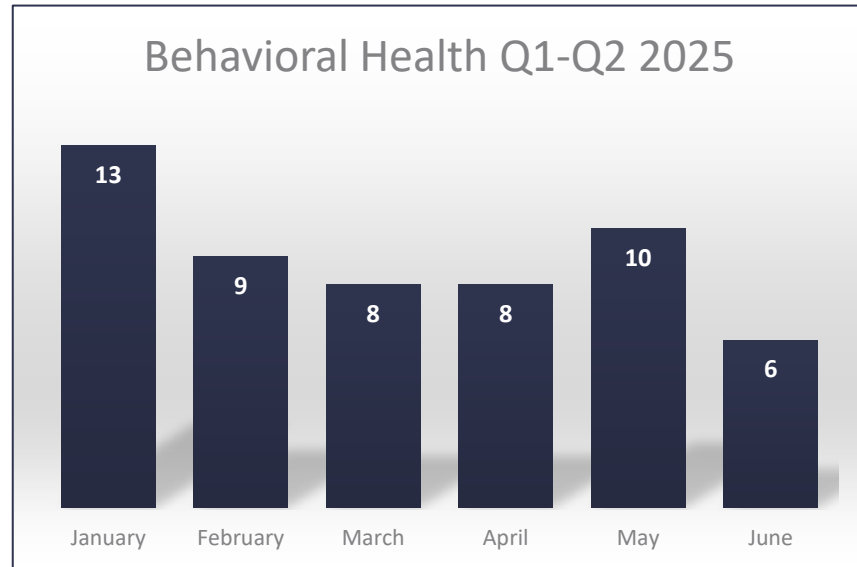
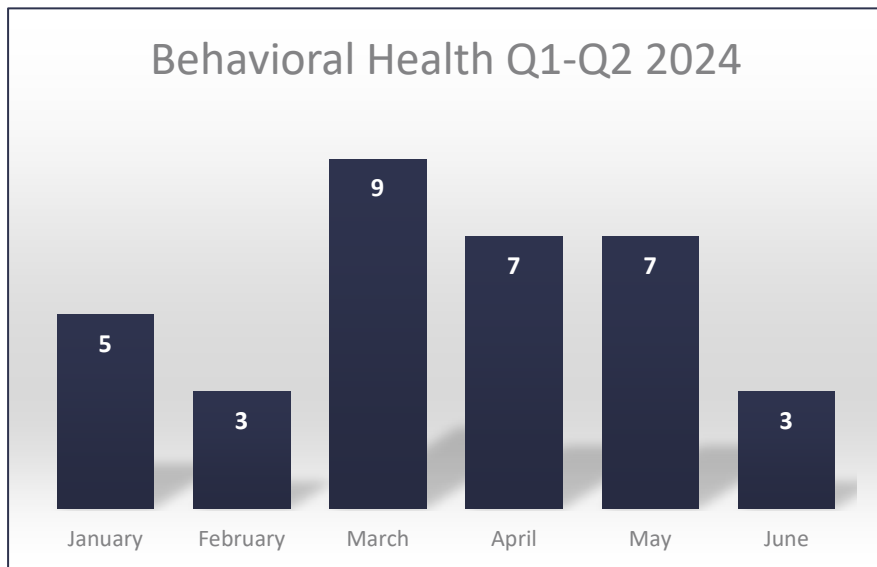
Publicly announced U.S. deals

Source: LevinPro HC, Levin Associates 2025, levinassociates.com



Behavioral Health Deal Volume

Q1/Q2 2024 vs 2025



34 deals in 2024

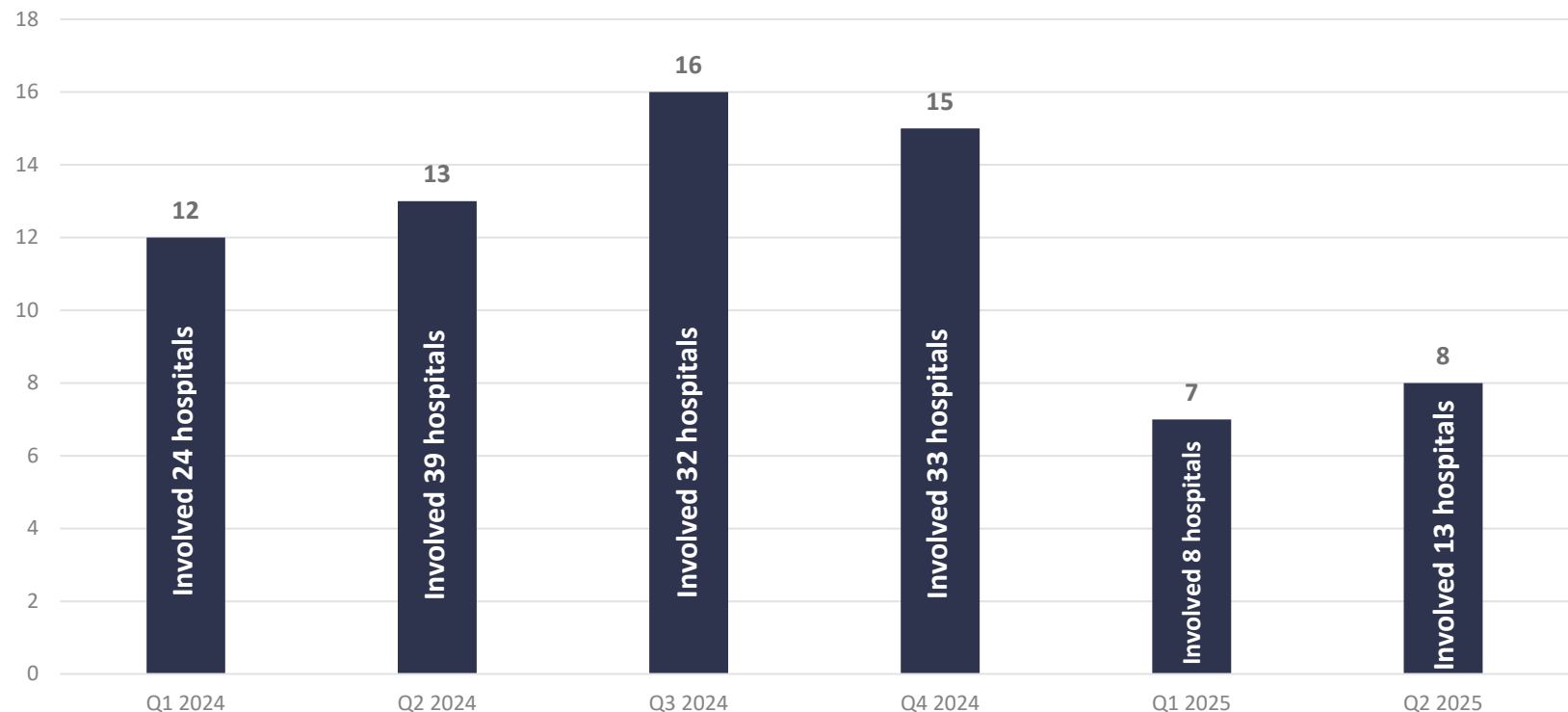
54 deals in 2025

Publicly announced U.S. deals

Source: LevinPro HC, Levin Associates 2025, [levinassociates.com](https://www.levinassociates.com)



71 Hospital Transactions, By Quarter

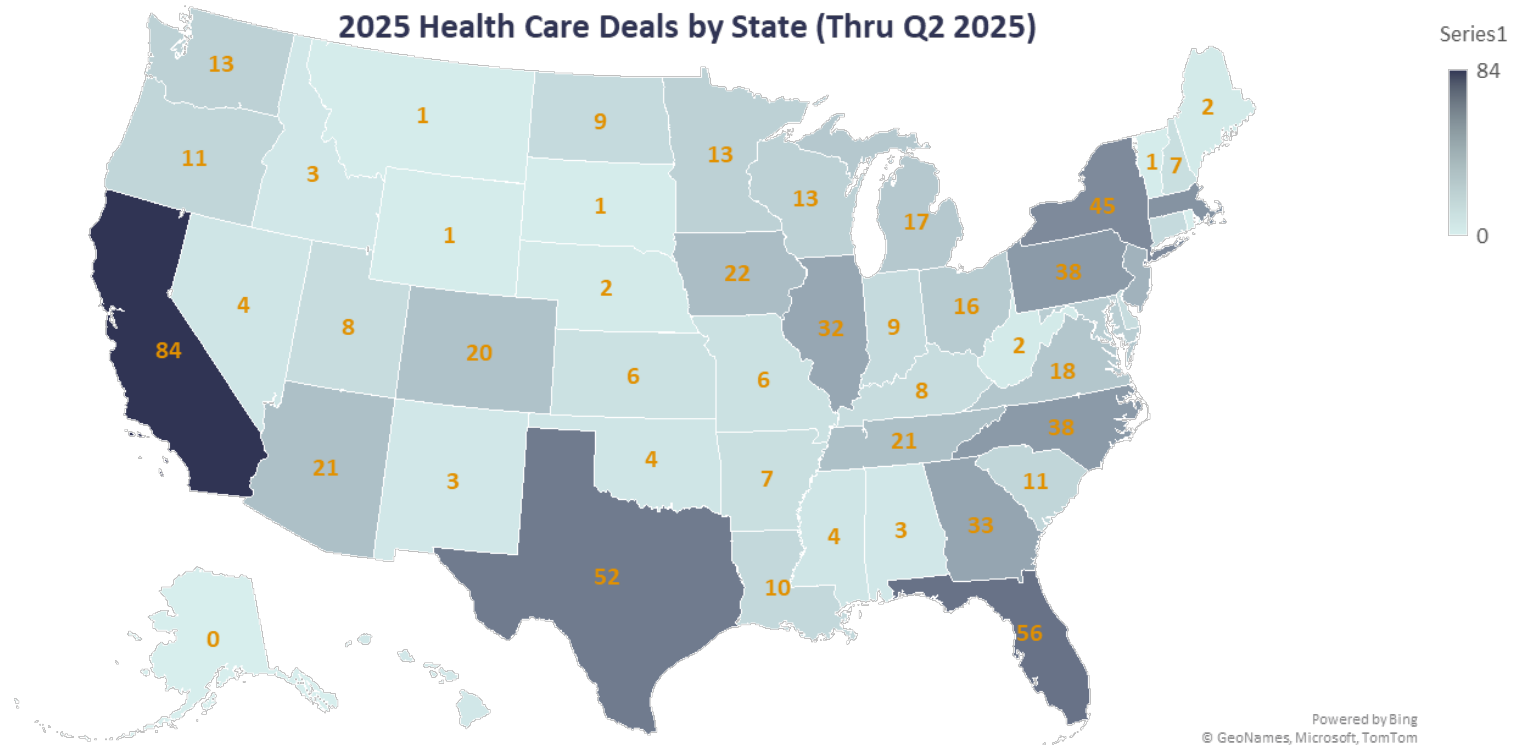


Publicly announced U.S. deals

Source: LevinPro HC, Levin Associates 2025, [levinassociates.com](https://www.levinassociates.com)



State Look: Q1/Q2 2025



Publicly announced U.S. deals

Source: LevinPro HC, Levin Associates 2025, levinassociates.com



Private Equity Activity

- January 2024—June 2025
- 861 deals
- 86% in these five areas
- Down roughly 30 deals first six months of 2025, largely in physician medical group

Physician Medical Group (386)

eHealth (128)

Other Services (123)

Home Health and Hospice (57)

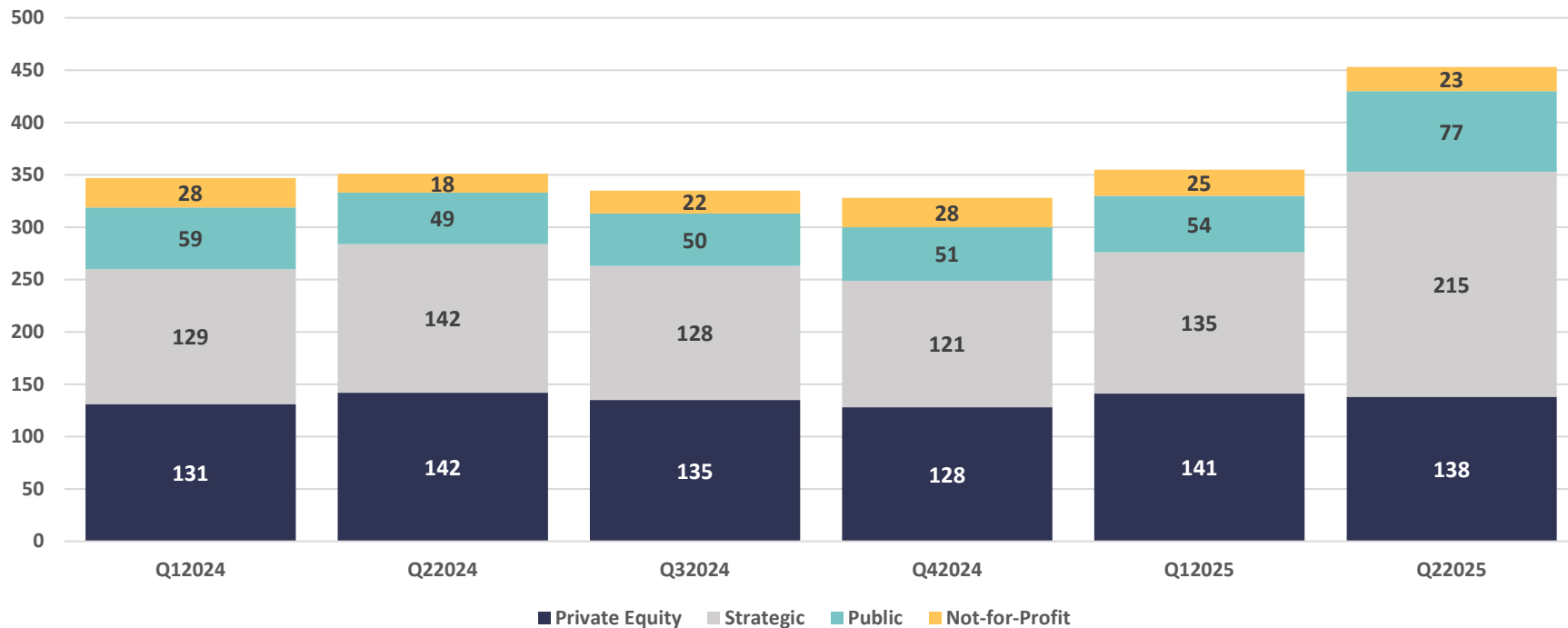
Behavioral Health (44)

Publicly announced U.S. deals

Source: LevinPro HC, Levin Associates 2025, [levinassociates.com](https://www.levinassociates.com)



Chart D - Deal Volume Q3 2022 - Q4 2023 by Buyer Type



Publicly announced U.S. deals

Source: LevinPro HC, Levin Associates 2025, levinassociates.com





Specialty Tax Strategies to Consider





Work Opportunity Tax Credit

WOTC



Work Opportunity Tax Credit (WOTC)



The tax credit allows employers to reduce their federal tax liability by up to \$9,600 per new hire. For-profit businesses of any size qualify. 501(c) non-profits qualify for the veteran target groups only.



The tax credit generally applies to temporary, seasonal, part-time and full-time workers. The WOTC applies only to new employees who have never worked for the hiring employer at any other time.



WOTC is a prospective benefit that must be addressed at the start date for new employees. The employer has 28 days to submit paperwork related to qualifying employees to the state agency for verification.



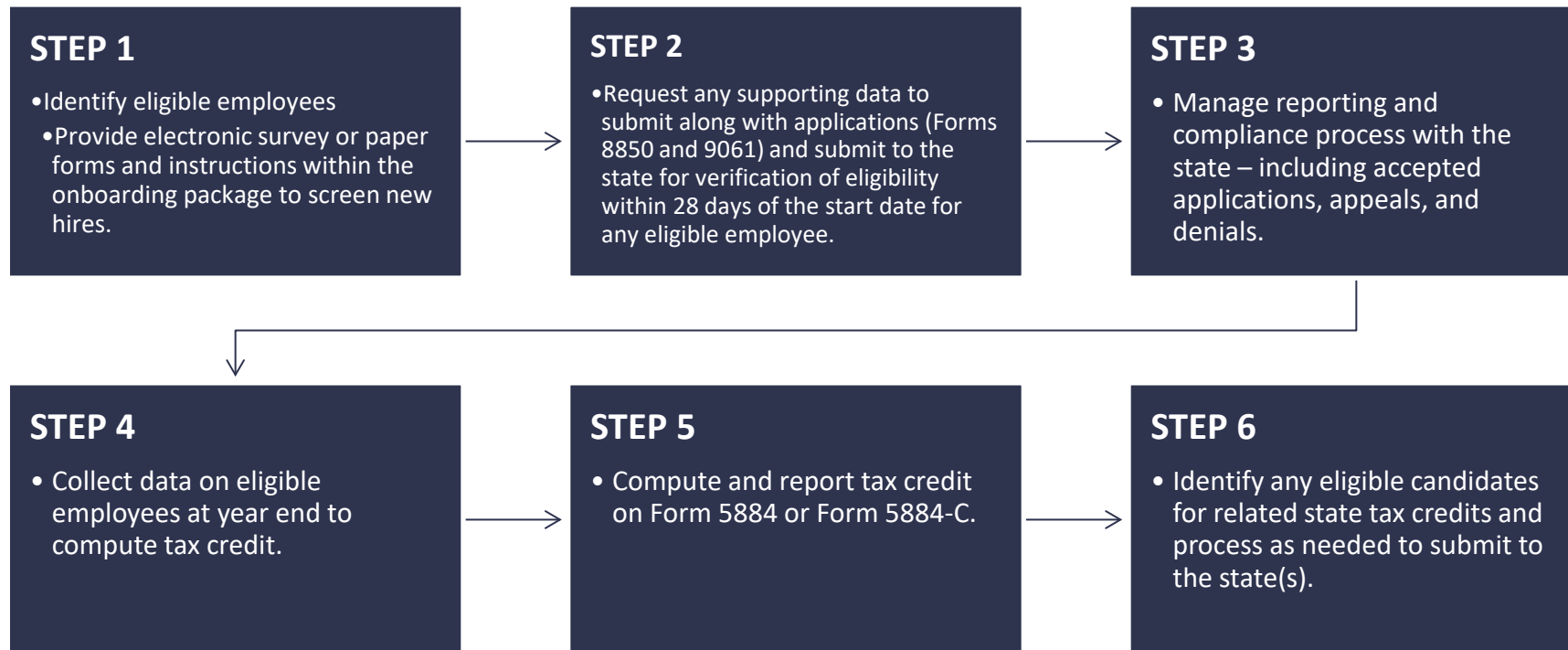
Taxable employers claim the WOTC as a general business credit on form 3800 against their income tax. The WOTC is calculated using form 5884.

WOTC Eligible Groups: 10-15% of New Hires Qualify

TARGET GROUP	MAXIMUM TAX CREDIT
VETERANS	
Receives SNAP benefits	\$2,400
VETERANS ENTITLED TO COMPENSATION FOR SERVICE-CONNECTED DISABILITY	
Hired one year from leaving service	\$4,800
Unemployed at least 6 months	\$9,600
UNEMPLOYED VETERANS	
At least 4 weeks	\$2,400
At least 6 months	\$5,600
OTHER WOTC TARGET GROUPS	
Short Term TANF Recipient	\$2,400
Long-Term TANF Recipient	\$9,000 (over two years)
SNAP (Food Stamp) Recipient	\$2,400
Designated Community Resident	\$2,400
Vocational Rehabilitation Referral	\$2,400
Ex-Felon	\$2,400
SSI Recipient	\$2,400
Qualified Long-term Unemployment Recipient	\$2,400



Our Process



Key Opportunities

Acquisitions

Consistent
hiring

High
turnover



Poll Question

WOTC applies to all of the following EXCEPT:

- W2 employees
- Temporary employees
- Seasonal employees
- Part-time employees
- Rehires



WOTC Resources



WOTC service page:

[Work Opportunity Tax Credit \(WOTC\) Services: CLA](#)



WOTC welcome kit/meeting request form:

[Get Started With WOTC: CLA](#)





State Credits and Negotiated Incentives



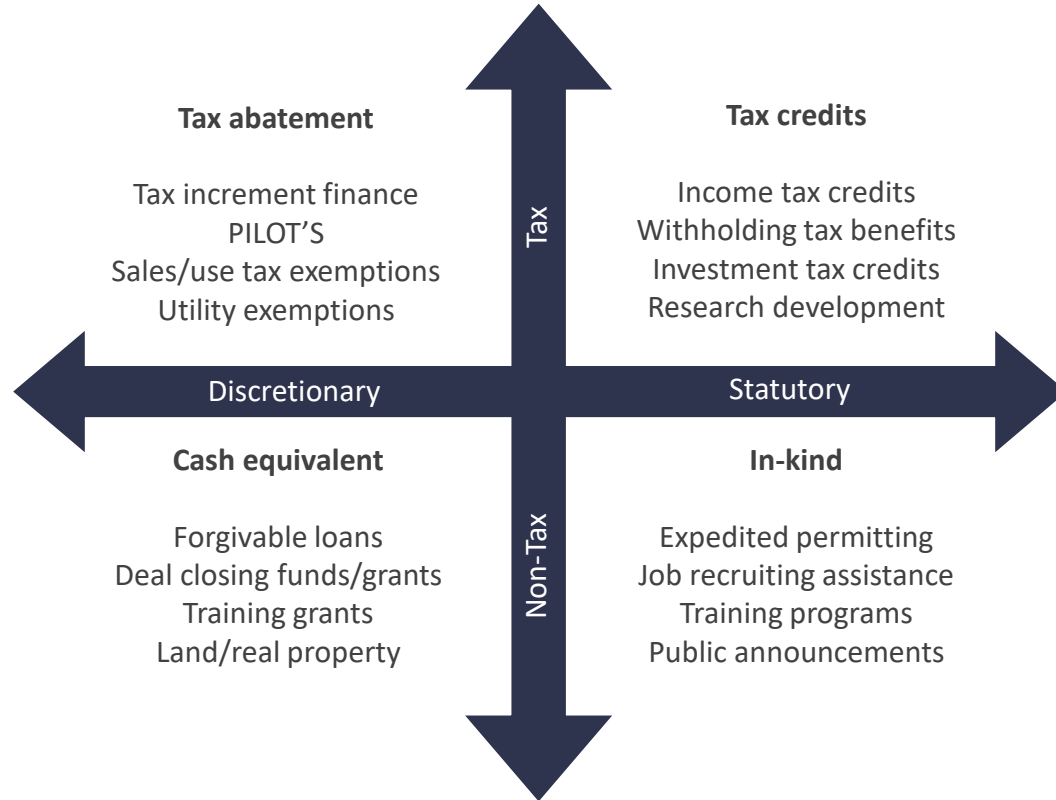
State and Local Tax Credits and Incentives

Opportunity

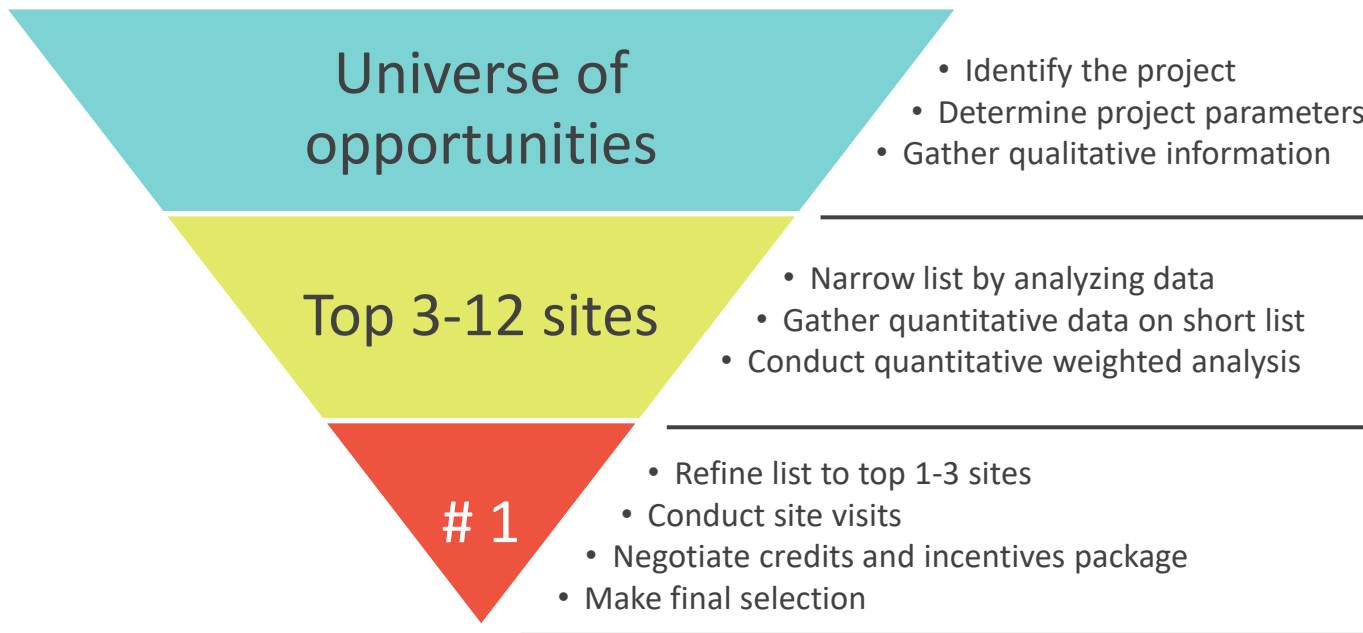
- Evaluate existing operations and strategic plans for C&I opportunities and assist businesses throughout the C&I life cycle.
- The effective use of state and local credit and incentive strategies can lower tax burden, enhance the return on capital investments, and improve overall business operations.
- Often companies can realize significant benefits amounting to between 15-30% of project capital investment.



Types of Credits and Incentives



Site Selection Process Overview



Assistance for Training and Recruitment

- There are over 200 state and federal economic development programs supporting workforce development across the country
- Programs assist employers of all sizes and types to recruit, develop and retain the best employees for their needs
- Eligible training assistance varies but can include on-boarding, OSHA training and more

On-the-job training

- Federally funded program, implemented at the state level – often through regional workforce boards
- Hire from pool of eligible workers, they train on-the-job, company gets reimbursed for up to 50% of the employee's wages for while they are training.
- Specific benefits vary by state

Other workforce programs

- State funding, program eligibility, and potential benefits vary greatly from state to state
- Typically benefits take the form of grants, partial reimbursement, or in-kind services
- Often administered in partnership with community colleges, colleges, and universities
- Can be for a single employer or partnerships of large employers with common needs



Poll Question

- I would like someone from CLA to contact me to discuss the following services:
 - WOTC
 - Tax planning strategies
 - Deal services
 - Nothing at this time





Key Tax Planning Ideas From One Big Beautiful Bill Act (OBBBA)



Summary of Planning Items

1. Proactive management of itemized deductions
2. Analyze impacts of tax changes to business deductions
3. Look at impact of expanded bonus depreciation
4. Manage business interest deductions
5. Examine research and development costs
6. Evaluate cost segregation scenarios
7. Plan ahead for clean energy credit changes
8. Exempt entities: Prepare for changes



Thank you!

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