Private Equity and the Focus on Reproductive Medicine

Introduction

With nearly $60bn of global capital flowing into core women's health segments between 2020 and 2025 alone, reproductive health has become one of healthcare's most active spaces, drawing increasing interest from private investors attracted by a highly fragmented market, favourable margin profiles, rapid technological advances, and demand trends that continue to expand the sector's growth potential. The demand does not come out of nowhere. The World Health Organization estimates that around 17.5% of adults worldwide (roughly one in six) experience infertility during their lifetime, while in the United States delayed childbearing has become a structural trend: the mean age at first birth rose from 26.6 in 2016 to 27.5 in 2023, and the share of first births to mothers younger than 20 fell by 26% over the same period.

This growing demand sits within a broad reproductive healthcare category that spans several major branches of care, from fertility services such as IVF, egg freezing, and surrogacy to OB-GYN services such as prenatal, maternal, and contraceptive care, as well as abortion and wider family-planning services. What makes the sector particularly distinctive is that it spans both essential medical care, such as prenatal and maternal services, and more specialized or elective treatments, such as fertility preservation and assisted reproduction. Yet within this wider landscape, private equity interest has in recent years been especially concentrated in fertility care, where patients seek treatment for reproductive challenges and often turn to in vitro fertilization, or IVF, a procedure that is expensive, frequently repeated across multiple cycles, and still often financed at least in part out of pocket because coverage remains uneven across employers and states.

From a private-equity perspective, that uneven coverage can make fertility care attractive because it creates a cash-pay or hybrid-pay market. Because patients often shoulder substantial out-of-pocket costs**,** clinics may have more pricing flexibility, support high margins, and create room for ancillary businesses such as financing, egg freezing, genetic testing, and other add-on services. These factors, in combination with a fragmented market with more than 450 U.S. fertility clinics, help explain why fertility care has become one of the clearest entry points for private equity into reproductive medicine. In 2013, only 4% of U.S. IVF clinics were affiliated with private equity firms; by 2023, that figure had risen to 32%, and those clinics were performing more than half of all IVF cycles in the country.

Private Equity Investment Trends in Reproductive Healthcare

Over the past decade private equity firms have been progressively increasing investments in reproductive healthcare: ownership of U.S. fertility clinics by PE firms has increased from 4% in 2013 to around 32% in 2023. Moreover, fertility services have emerged as the most profitable entry point and nowadays PE-backed clinics account for more than 50% of IVF cycles performed nationally; the rising ownership penetration also suggests a concentration of treatment volume within such platforms. At the same time, in 2025 the U.S. fertility services market was estimated at around $9bn to $10bn and is expected to continue the steady mid-single-digit annual growth trajectory at least until 2030. However, growth is not only limited to the US: investments have expanded internationally, particularly in the Middle East and India, where demand has boosted due to higher infertility rates, growing middle class and lower availability of IVF services.

Overall, fertility clinics have emerged as attractive investments due to demand dynamics as well as their revenue structure and profitability. For instance, IVF cycles in the U.S. typically cost between $12,000 and $20,000 per attempt, on top of complementary services such as genetic testing, which can significantly increase the price as

well. As several cycles are required for the treatment to be successful, total spending can increase up to $30,000 or $50,000; several of these procedures are usually not covered by insurance policies, so a large portion of the total cost has to be borne by the end customer. This feeds directly into EBITDA margins, often in the 20-30% range for the best clinics, a value above average.

In addition, such clinics offer a series of complementary services that generate additional profit. Preimplantation genetic testing (PGT), cryopreservation (egg and embryo freezing), donor coordination and storage fees typically account for a meaningful share of total revenues. These procedures allow clinics to get recurring and predictable cash flows, as each patient represents a source of high and long-term income.

Such characteristics have paved the way for a consolidation wave: PE firms have pursued platform strategies, acquiring local clinics and scaling them with subsequent acquisitions. This framework reached its highest intensity around 2020, when some assets were trading at EBITDA multiples over 15x, due to the highly competitive environment and strong economic outlook. However, activity has recently slowed down: deal volume has been decreasing, and the market has seen a shift towards operational optimization, as the sector transitions to a more mature stage focused on value creation and exit preparation.

However, private equity investment extends beyond IVF clinics: it has been expanding rapidly into OB-GYN services and broader women's health procedures. Such practices represent a complementary economic model characterized by long-lasting and recurring relations with patients, less critical but more frequent services and strong cross-selling opportunities between different sectors. For instance, OB-GYN practices ensure stable revenue streams by offering routine screenings, contraceptive services and prenatal care; at the same time, such procedures could easily lead to fertility treatments as well. Therefore, vertically integrating such segments with IVF clinics could enable investors to further consolidate patient relationship and profitability, and, consequently, clinics could improve revenue visibility and certainty.

Furthermore, the rapid expansion of the sector has led to new financing models around fertility in order to help patients access a wider range of procedures. Clients can apply for loans and instalment plans, but they can also access employer-sponsored fertility benefit platforms and outcome-based refund products, which entail the possibility to get partial reimbursements if the procedures are unsuccessful. Several companies also focus on fundraising, being able to provide larger credit facilities. By reducing liquidity constraints, such mechanisms can effectively expand demand and clinics' conversion rate.

The Private Equity Strategy

The main investment strategy adopted by private equity firms is the "buy-and-build" model: value creation is driven by consolidation of fragmented and specialized clinics into cohesive and integrated platforms. The process begins with the acquisition of a well-known healthcare provider with a reliable network of patients and solid outcomes, typically generating high EBITDA margins (over 20%). This first investment is then complemented by a series of smaller clinics, typically acquired at lower valuation multiples, specifically targeted to achieve geographic expansion and higher patient volume. In this way, the consolidated platform can raise exit multiples, justified by the increased scale, offering and earnings of the newly built clinic. Therefore, private equity sponsors can exit at a premium, through a strategic sale, a secondary buyout or an IPO.

A great part of the strategy is based on value creation through size, pricing power, and operational standardization before exit. Such objectives are achieved by implementing more structured pricing frameworks, bundled service

offerings and complementary services to increase revenue per patient, as well as premium positioning strategies to increase revenue per cycle.

Another important aspect is patient funnel optimization. Integrating with OB-GYN offices can help increase patient acquisition efficiencies, reducing the need for intermediaries; moreover, digital marketing and centralization of patient acquisition lowers the need for external sponsorship expenditure and helps improve conversion rates. The latter is fundamental in the sector: for expensive procedures such as IVF treatments, even small improvements in conversion rates can significantly impact revenue.

Instead, cost optimization is primarily achieved through centralization and standardization. Administrative functions are typically dealt with at platform level, thus reducing overhead costs and allowing for greater scalability. Moreover, the high capital-intensive laboratory analyses are optimized thanks to standardized protocols and shared facilities leading to improved utilization rates and significantly better EBITDA margins.

This strategy has proved to be successful due to several factors: firstly, the high fragmentation of the fertility market provides a wide range of targets; secondly, higher and more inelastic demand driven by higher infertility rates and delayed pregnancies; thirdly, improvements in the technologies used for assisted reproduction lead more often to successful outcomes, increasing patients' trust in the procedures; lastly, a greater need for scalable investments within the current private equity environment has increased capital inflows into the sector. The economic environment is also benefitting from the role of insurance coverage: partial reimbursements have led to higher customer spending, allowing for greater pricing flexibility and, therefore, to faster revenue growth. While it is true that the newest financing solutions for patients have increased accessibility, the services are still not fully commoditized, and providers still benefit from attractive margins.

Moreover, the scalability of this model is also confirmed by the international expansion of investments by private equity sponsors. Some of the largest players in the sector have been pursuing international transactions to build global networks, specifically targeting countries with high and unfulfilled demand, as well as favourable dynamics of growth. In fact, investors have now begun to export capabilities and expertise developed in mature markets into emerging economies to be able to capture new opportunities.

As a matter of fact, in 2025, KKR-backed IVI RMA Global has acquired Gulf Capital's stake in Middle East facilities of ART Fertility Clinics for around $400-450mn. The operation is a representative example of the "buy-and-build" model: initially, Gulf Capital had acquired ART Fertility in 2020 and later transformed it into a profitable regional hub operating in several countries with a wider network of clinics and capabilities. Finally, the firm exited to a larger global player. The KKR-backed firm's acquisition enables it to enter emerging, higher-growth markets representing attractive expansion opportunities. Moreover, the deal demonstrates how private equity firms are effectively applying standardized models to surging, newer markets, leveraging their previously consolidated expertise.

Overall, such strategy has proved to be successful due to a combination of demand-driven factors and intrinsic characteristics of the sector. However, as the market matures and acquisition targets reduce, operational efficacy and ability to deal with increasing regulatory complexities will determine the long-term effectiveness of the framework.

The Insurance Coverage Gap

As previously noted, reproductive care in the United States is not governed by a single national standard, but rather by a fractured set of rules that differ from state to state. As of December 1, 2025, 25 states, including D.C., had fertility-insurance laws, but only 15 of them had laws that include IVF coverage, and even this overstates how far mandates reach. For example, in 2025, 67% of covered workers were enrolled in self-funded employer plans, which are generally exempt from state insurance mandates under the Employee Retirement Income Security Act of 1974 (ERISA).

For this reason, IVF so often ends up feeling less like standard medical care and more like a private financial project. The single cycle costs of around $20,000 do not include medications, embryo storage, and genetic testing add more to the total. Among employers with 200 or more workers, only 27% cover IVF, and 26% cover artificial insemination. Need is not especially rare, either: reports show that 13% of women ages 18 to 49 say they or their partner have needed fertility assistance, 10% have received it, and 3% say they needed it but could not get it. Access can also be destabilized by legal uncertainty, not just by gaps in coverage. In Alabama, for example, the February 2024 state supreme court ruling that treated frozen embryos as children under state law led several IVF providers to pause services, showing that fertility care can be disrupted by rapidly changing legal rules even before insurance questions are resolved.

So, for many patients, building a family still means stitching together whatever help they can find from an employer benefit, savings, or financing. Other areas of reproductive care are more stable, though gaps still exist. Most private insurance plans must cover at least one type of each of the 18 FDA-approved contraceptive methods without cost sharing. Some states go further: 31 states and D.C. require contraceptive coverage, 19 states and D.C. ban cost sharing, and 23 states and D.C. require coverage for a 12-month supply at once.

Pregnancy coverage is also much more settled. All Marketplace and Medicaid plans include pregnancy and childbirth. So, someone seeking contraception or maternity care will usually have better insurance support than someone needing fertility treatment.

Abortion coverage brings a different kind of uncertainty. Rules vary by state, Medicaid is still limited by the Hyde Amendment, and legal access has become part of the coverage issue. According to Guttmacher, 20 states use their own funds to cover abortion through Medicaid beyond the narrow federal exceptions. Even with insurance, people may not be able to use it: in 2021–2022, 78% of abortion patients had some form of health insurance, but 53% still paid out of pocket, only 13% used private insurance, and 15% relied on financial help. Overall, reproductive healthcare remains complicated. Some services are treated as basic care, while others depend on politics, employer choices, and a patient's finances.

Conclusion

As reproductive healthcare becomes increasingly financialized, private equity funds have started to play a central role, with significant investment, although to a different extent, across the whole service spectrum. In the United States, we highlighted fertility care as the primary opportunity, driven by high demand and limited insurance coverage. The latter shifts a significant share of costs onto patients, improving the timing of payments as they are more cash-based. The out-of-pocket feature, combined with the high margins of these segments, has attracted private equity investors, whose expansion further reinforces the private pay model.

The capital inflows in the sector, as well as the scale resulting from merging several offices and clinics, directly improve the technology and infrastructure of the system, and indirectly improve access to the services via new financing models. On the other hand, heavy private equity investments can result in higher costs for patients, and could represent an incentive to prioritize high-margin treatments over more essential services.

Nonetheless, we can expect momentum in the sector to continue steadily, sustained by structurally growing demand, a fragmented market still new to consolidation, and a persistent insurance coverage gap which will not be closed as long as reproductive health continues to be a polarizing topic for American politics. And even if deal activity were to slow down, private equity owners would focus on optimizing operations and exits, reinforcing the attractiveness of the sector.

TAGS: Private Equity, Reproductive Health, Fertility, IVF, Women's Health, Healthcare Services, Insurance