

### Medical Staffing Faces Fork in Road Amid Post-Pandemic Decline

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In the aftermath of the pandemic's unprecedented impact on the healthcare sector, medical staffing companies in the U.S. are seeking stability and growth amidst a drastically changed market landscape. In an interview with *The Deal*, Eric Klein, Sheppard Mullin Healthcare industry team leader, observed, "We saw many healthcare service providers, such as hospitals, rely upon staffing agencies... and that's gone down significantly. But there's still a significant amount of contracted third-party labor going on."

According to *The Deal*, the healthcare staffing sector experienced more than a threefold increase in market size during the pandemic, soaring from \$18.9 billion in 2019 to \$68.7 billion in 2022. However, the market witnessed a decline to \$55.7 billion in 2023, still significantly above pre-pandemic levels. This decline has affected even the largest staffing companies.

Klein observed a shift in deal valuations within the industry, noting that staffing companies previously saw multiples of current-year Ebitda range from 10 times upward to the high teens or low twenties at the height of the pandemic. Sellers are now more likely to see multiples starting at nine times Ebitda and topping out in the low teens, depending on the company's geography, line of business, Ebitda and growth path.

The industry faces the challenge of diversification and scaling as healthcare systems increasingly turn to in-house staffing support and digital platforms for cost savings. "People are making more money than ever before, but... there's huge pressures... The industry is going to change, no questions about it," Klein stated, highlighting the ongoing evolution within the sector.

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