

ROLLING UP LABOR: PRIVATE EQUITY, ANTITRUST, AND LABOR

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Abstract

Private equity-backed serial acquisitions, commonly known as “rollups”, now account for a significant share of U.S. M&A and are reshaping major industries, from healthcare to software. While scholars and regulators have increasingly scrutinized the consumer-welfare effects of rollups, the effects on labors have received far less attention. This Essay fills that gap and makes five contributions.

First, it identifies fragmentation, local or segmented competition, and human-capital intensity as key features of the labor markets commonly targeted by rollups. These features make rollups profitable for PE firms, but they also leave workers especially vulnerable to consolidation. Second, it shows how rollups can depress wages, worsen working conditions, and facilitate anticompetitive coordination among employers. Third, it explains why labor market-specific features—including noncompetes, no-solicitation agreements, and variation in workers’ relationship with the company—can magnify these harms. Fourth, it identifies doctrinal and practical obstacles that private plaintiffs and government enforcers face under existing antitrust law. Fifth, given the limits of private litigation and ex post remedies, it offers specific recommendations to strengthen ex ante government enforcement.

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Introduction

Private equity (PE) has become one of the defining forces in the modern economy. PE-backed acquisitions now account for more than half of all U.S M&A activity, with annual transaction value approaching one trillion

dollars.¹ These deals are reshaping markets across the economy, from healthcare to software.²

Much of this growth has occurred through a particular acquisition strategy known as the “rollup.”³ In a rollup, a PE firm acquires an initial company and then finances and directs that company to purchase a series of smaller competitors in the same or closely related markets. Because rollups unfold through repeated acquisitions, they have drawn increasing attention from regulators and scholars. Yet existing antitrust scholarship and litigation have focused primarily on harm to consumers, including higher prices, reduced output, and lower quality.⁴

The labor-market effects of rollups are equally important.⁵ PE-backed rollups do not merely change what consumers pay or which firms remain in

¹ Aslihan Asil, John Barrios & Thomas G. Wollmann, *Misaligned Measures of Control: Private Equity’s Antitrust Loophole*, 18 VA. BUS. & L. REV. 51, 57& 60 (2023); Aslihan Asil et al., *Are Private Equity Funds Liable for Anticompetitive Acquisitions*, 31 STAN. J. L. BUS. & FIN. 66, 71 (Forthcoming, 2026); David Lipman, Christopher Perry, Jayne Zecha & Johnny Holliday, *How Private Equity Keeps Winning in Software*, BAIN & COMPANY (2022), available at <https://www.bain.com/insights/software-global-private-equity-report-2022/>.

² Aslihan Asil, John Barrios & Thomas G. Wollmann, *Misaligned Measures of Control: Private Equity’s Antitrust Loophole*, 18 VA. BUS. & L. REV. 51, 57& 60 (2023); Aslihan Asil et al., *Are Private Equity Funds Liable for Anticompetitive Acquisitions*, 31 STAN. J. L. BUS. & FIN. 66, 68 & 78-80 (2026); David Lipman, Christopher Perry, Jayne Zecha & Johnny Holliday, *How Private Equity Keeps Winning in Software*, BAIN & COMPANY (2022), available at <https://www.bain.com/insights/software-global-private-equity-report-2022/>.

³ Aslihan Asil, John Barrios & Thomas G. Wollmann, *Misaligned Measures of Control: Private Equity’s Antitrust Loophole*, 18 VA. BUS. & L. REV. 51, 59-60 (2023).

⁴ Fed. Trade Comm’n v. U.S. Anesthesia Partners, Inc., No. 4:23-CV-03560, 2024 (S.D. Tex. May 13, 2024), *appeal dismissed*, No. 24-20270, 2024 (5th Cir. Aug. 15, 2024); Aslihan Asil, Paulo Ramos, Amanda Starc & Thomas G. Wollmann, *Painful Bargaining: Evidence from Anesthesia Rollups* (Nat’l Bureau of Econ. Rsch., Working Paper No. 33217, 2024); Aslihan Asil et al., 31 *Are Private Equity Funds Liable for Anticompetitive Acquisitions*, STAN. J. L. BUS. & FIN. 66 (2026); A. La Forgia, *The Impact of Management on Clinical Performance: Evidence from Physician Practice Management Companies*, 69 MGMT. SCI. 4363 (2023); T. Liu, *Bargaining with Private Equity: Implications for Hospital Prices and Patient Welfare* (Working Paper, SSRN No. 3896410, 2022); A. Gupta, S. T. Howell, and C. Yannelis, *Owner Incentives and Performance in Healthcare: Private Equity Investment in Nursing Homes*, 37 R. FIN. STUDIES 1029 (2023).

⁵ Inna Abramova & John M. Barrios, *Financializing the Professions: The Rise of Private Equity in Accounting* (Nat’l Bureau of Econ. Rsch., Working Paper No. 34575, 2025); A. La Forgia et al., *Association of Physician Management Companies and Private Equity Investment with Commercial Health Care Prices Paid to Anesthesia Practitioners*, 182 J. AM. MED. ASS’N INTERNAL MED. 396 (2022).

the market. They also shape whether, where, and on what terms people work. And because labor markets often have additional frictions that limit mobility—including noncompetes and no-solicitation agreements—they deserve independent antitrust scrutiny alongside product and service markets.

This Essay is the first to place these overlooked labor-market effects at the center of antitrust analysis and makes five principal contributions. First, it identifies the labor-market characteristics common in industries targeted by rollups. Second, it identifies the labor-specific antitrust concerns that rollups raise. Third, it explains how features unique to labor markets can deepen those harms. Fourth, it highlights the obstacles to effective enforcement that arise when existing antitrust doctrine is applied to these markets. Fifth, it proposes doctrinal and policy responses to address these concerns.

The Essay is organized as follows. Section I defines rollups, describes recent developments in PE, and summarizes the antitrust literature on PE-backed rollups. Section II identifies the product- and labor-market characteristics that make certain industries attractive rollup targets. These labor markets are typically fragmented, local or segmented, and concentrated in human-capital intensive services. Section II also examines the industries most commonly targeted by rollups and explains how they exhibit these characteristics. Section III analyzes the antitrust concerns that rollups create in labor markets. It identifies lower wages, worse work conditions, and easier coordination among employers as the principal labor market harms. It then explains how labor market-specific features—including noncompetes, no-solicitation agreements, and worker heterogeneity—can aggravate these harms and create uneven distributional effects. Section IV details the litigation and enforcement challenges faced by private plaintiffs and government enforcers. Section V offers policy recommendations. Because private plaintiffs face serious obstacles, rollups can have lasting effects, and ex post remedies often come too late, the Essay recommends strengthening ex ante government enforcement. Section V concludes.

I. Private Equity and Rollups

Private equity (PE) refers to an asset class in which professionally managed funds invest in companies that are not publicly traded. PE firms

organize these funds and raise capital from institutional investors and high-net-worth individuals.

Over the past few decades, PE has grown rapidly. In the last two decades alone, PE investments increased roughly tenfold, reaching \$1.25 trillion in 2021.⁶ During the same period, the share of all U.S. deals backed by PE rose to approximately 60%.⁷

This growth has coincided with the rapid expansion of the rollup, or buy-and-build, strategy. The strategy follows a simple pattern. A PE firm, acting as a financial sponsor, funds and directs a series of related acquisitions in the same market. It first acquires an initial company, known as the “platform.” It then provides capital and strategic direction as the platform acquires additional businesses in the same or closely related markets. These subsequent targets are commonly called “add-ons.” Rollups increased from \$6 billion in transaction value in 2002 to \$250 billion in 2022.⁸ By 2025, add-on acquisitions accounted for 73 percent of all PE buyouts.⁹

Because rollups proceed through a series of acquisitions in the same market, they raise serious antitrust concerns. Yet, as Asil et al. (2023) shows, a loophole in antitrust law makes PE-backed acquisitions more likely to escape government review.¹⁰

Briefly stated, the Hart-Scott-Rodino (HSR) Act’s Premerger Notification Program requires parties interested in merging to notify the Federal Trade Commission (FTC) and the Antitrust Division of the Department of Justice (DOJ) before closing.¹¹ Whether a transaction is reportable depends largely on the size of the deal and of the merging parties. Transactions below the reporting thresholds are exempt from notification.¹² The Act applies these thresholds to each entity acting as an acquirer.¹³ Asil et al. (2023) show that when the Act’s exemptions are applied to the fragmented ownership structures, acquisitions that should be reportable in

⁶ Aslihan Asil, John Barrios & Thomas Wollmann, *Misaligned Measures of Control: Private Equity’s Antitrust Loophole*, 18 VA. BUS. & L. REV. 51, 57 (2023).

⁷ *Id.*

⁸ Aslihan Asil et. al, *Are PE Funds Liable for Anticompetitive Acquisitions*, 31 STANFORD J. L., BUS. & FIN. 66, 72 (2026).

⁹ PITCHBOOK, 2025 ANNUAL US PE BREAKDOWN 11 (2025), <https://pitchbook.brightspotcdn.com/48/4d/2619762c4285bc5b05aa7b4549a4/2025-annual-us-pe-breakdown.pdf>.

¹⁰ Aslihan Asil, John Barrios & Thomas Wollmann, *Misaligned Measures of Control: Private Equity’s Antitrust Loophole*, 18 VA. BUS. & L. REV. 51, 57 (2023).

¹¹ 15 U.S.C. § 18a (2024).

¹² 15 U.S.C. § 18a (2024)

¹³ 16 C.F.R. §§ 801.1(a)(3) & 803.2(a) (2026).

substance may become exempt.¹⁴ This problem is especially important for PE-backed acquisitions because they are often made through multiple investment vehicles within a PE fund. As a result, PE-backed acquisitions are disproportionately likely to escape reporting. These exemptions arise even though different investment vehicles within the same fund are commonly managed by the same PE firm and operate as part of a unified acquisition strategy, suggesting that their stakes should be aggregated for purposes of premerger review.

Using merger and filing date, Asil et al. (2023) further show that PE-backed acquisitions are significantly less likely to be reported than otherwise similar acquisitions by public companies, even after controlling for transaction size. The result is a serious enforcement gap: the FTC and DOJ are less likely to learn about potentially anticompetitive acquisitions by PE firms precisely when PE-backed rollups may pose a significant competitive threat.

In 2023, amid growing antitrust concern over rollups, the FTC brought the first antitrust case to challenge a PE-backed rollup. The agency sued the PE firm Welsh Carson and its platform company U.S. Anesthesia Partners (USAP), alleging that they had unlawfully consolidated anesthesia practices in Texas between 2012 and 2017.¹⁵ Following the challenged acquisitions, USAP controlled roughly half of the market for hospital-based anesthesia services in Houston, Dallas, and Austin.¹⁶ Although the claims against Welsh Carson were dismissed on standing grounds, the agency ultimately settled its claims against USAP.¹⁷

Against this backdrop, Asil et al. (2024) examine anesthesia rollups nationwide between 2012 and 2021, studying both their competitive and welfare effects.¹⁸ The authors document substantial consolidation in the

¹⁴ Aslihan Asil, John Barrios & Thomas Wollmann, *Misaligned Measures of Control: Private Equity's Antitrust Loophole*, 18 VA. BUS. & L. REV. 51 (2023).

¹⁵ Fed. Trade Comm'n v. U.S. Anesthesia Partners, Inc., No. 4:23-CV-03560, 2024 (S.D. Tex. May 13, 2024), *appeal dismissed*, No. 24-20270, 2024 (5th Cir. Aug. 15, 2024)

¹⁶ Complaint at 37, 44 & 82, Fed. Trade Comm'n v. U.S. Anesthesia Partners, Inc., No. 4:23-CV-03560, 2024 (S.D. Tex. May 13, 2024), *appeal dismissed*, No. 24-20270, 2024 (5th Cir. Aug. 15, 2024).

¹⁷ *Private Equity-Backed Anesthesia Provider Settles FTC Monopolization Charges*, WALL ST. J. (Apr. 24, 2026), <https://www.wsj.com/pro/private-equity/private-equity-backed-anesthesia-provider-settles-ftc-monopolization-charges-eb9894a2>; Editorial, *Another Lina Khan Theory Loses in Court*, WALL ST. J. (May 2024), <https://www.wsj.com/opinion/ftc-loses-lawsuit-welsh-carson-u-s-anesthesia-partners-kenneth-hoyt-lina-khan-9a83b653>.

¹⁸ Aslihan Asil, Paulo Ramos, Amanda Starc & Thomas G. Wollmann, *Painful Bargaining: Evidence from Anesthesia Rollups* (Nat'l Bureau of Econ. Rsch., Working Paper No. 33217, 2024).

Texas markets at issue in the FTC lawsuit and identify fifteen additional anesthesia rollups across the country. These rollups substantially increase market concentration and were followed by price increases of approximately 30 to 40 percent. Using a structural model, the authors further find that divesting the acquired companies and deterring future rollups would generate significant savings.

Asil et al. (2026) show that PE rollups extend well beyond anesthesia.¹⁹ The authors identify additional rollups in hospital-based physician services, including radiology, gastroenterology, and urology, across locations spanning the country—from Cincinnati to Miami to Dallas to Phoenix. Because many of these transactions may have escaped premerger review, post-consummation challenges are essential. Recognizing this, the authors develop a novel doctrinal framework for assessing the liability of—and holding accountable—the PE firms that devise and finance anticompetitive rollups.

II. Rollup Target Markets

A. Product/Service Market Characteristics

Rollups generate value for investors by combining small, standalone businesses into a single consolidated platform. The basic premise is that, once integrated, the platform will be worth more than the sum of the businesses from which it was assembled. Rollups are therefore most attractive in markets where repeated acquisitions of competitors can be pursued profitably. Three product and service market characteristics explain when that strategy is likely to succeed.

First, rollups are especially attractive in fragmented industries—industries divided among several small independent competitors rather than dominated by a few large firms.²⁰ Fragmentation makes the investment strategy feasible: the availability of multiple potential targets gives PE firms room to pursue repeated acquisitions without quickly running into financial constraints, scarcity of targets, or holdout problems.

¹⁹ Aslihan Asil et. al, *Are PE Funds Liable for Anticompetitive Acquisitions*, 31 STANFORD J. L., BUS. & FIN. 66, 78-80 (2026).

²⁰ BOS. CONSULTING GRP., THE POWER OF BUY AND BUILD (Feb. 2016), <https://www.bcg.com/publications/2016/private-equity-power-of-buy-build> (“Multiple expansion is the main engine of superior performance in PE deals—particularly in buy and build...multiple expansion [...] in many cases is the result of increased expectations of profit growth, fueled in part by higher revenues or wider margins.”).

In fragmented industries, firms may still offer differentiated products or services, giving each some degree of pricing power over its own customers despite its relatively small size. But because customers still can turn to several alternative providers, that pricing power remains constrained. Rollups unlock this latent market power by bringing competing providers under common control. As the consolidated platform reduces customers' outside options, it gains greater ability to raise prices and expand profit margins.

The relatively small size of the targets also means that many of these acquisitions may fall below the reporting thresholds of the HSR Act's Premerger Notification Program, especially when they are backed by PE firms. As a result, these deals, which may have significant competitive consequences, receive little or no antitrust scrutiny before they close.²¹

Second, and closely related to fragmentation, rollups are attractive in markets where economies of scale in the frontline delivery of goods or services tend to be limited, but consolidation can generate scale or scope advantages in bargaining, administration, or back-office operations.²² This feature helps explain why many small firms can coexist before PE firms enter the market. If production-level scale economies were overwhelming, the market would likely already be dominated by handful of large firms. Yet consolidation can still yield higher profits—and raise competitive concerns—by increasing bargaining power against trading partners or market power over consumers, as we have shown in prior research.²³

Third, rollups are attractive in markets where competition is local or segmented. The relevant “locality” may be geographic, as when firms compete within a particular city or region, or it may arise from product-market positioning, as when firms serve a distinct customer segment or provide a specialized product. Either way, both supply and demand are concentrated within relatively narrow competitive spaces: customers view only a limited set of providers as close substitutes, and providers compete most intensely with nearby or similarly positioned rivals. As a result, acquiring several close competitors can materially increase bargaining leverage and pricing power, even if each target is small in isolation.

²¹ Aslihan Asil, John Barrios & Thomas Wollmann, *Misaligned Measures of Control: Private Equity's Antitrust Loophole*, 18 VA. BUS. & L. REV. 51 (2023).

²² AM. INV. COUNCIL, BUILDING COMPETITION (2022), https://www.investmentcouncil.org/wp-content/uploads/2023/02/2022_AIC_BB_report_V3.pdf

²³ Aslihan Asil, Paulo Ramos, Amanda Starc & Thomas G. Wollmann, *Painful Bargaining: Evidence from Anesthesia Rollups* (Nat'l Bureau of Econ. Rsch., Working Paper No. 33217, 2024).

Fragmentation, then, does not necessarily mean acquisitions are competitively harmless. Where competition is local or segmented, a series of small acquisitions can still produce meaningful consolidation—and market power—within the relevant zone of competition. Indeed, Bain & Company identifies this feature as central to rollup strategy. According to the consulting firm, one question that arises in a rollup due diligence is whether “the sector offers plenty of targets that are smaller than the platform company, but not so small that acquiring them doesn’t add value[.]”²⁴

B. Affected Industries

1. Healthcare

Several industries with these product and service market characteristics have become repeated targets of rollups. Healthcare is the canonical example. Competition for healthcare services often occurs in local markets which house small, independent practices, as patients tend not to travel for routine care, and many healthcare services can be delivered efficiently by licensed professionals operating in smaller practice settings.

According to Pitchbook, a widely used financial research database, healthcare accounted for 11 percent of all PE-backed transactions in 2024.²⁵ The Private Equity Stakeholder Project (PESP), a nonprofit watchdog focused on PE, identified 1,049 PE-backed healthcare deals that year. Of those deals, 621—or nearly 60 percent—were add-on acquisitions made by 383 unique platform companies.²⁶

Dental care and outpatient care were among the most active healthcare subindustries, with 161 and 139 deals, respectively.²⁷ The same PESP report found that MB2 Dental, a Texas-based practice backed by PE firms Warburg Pincus and Charlesbank Capital Partners, completed a striking 20

²⁴ *Private Equity Buy-and-Build: How to Get It Right*, BAIN & CO., <https://www.bain.com/insights/private-equity-buy-and-build-how-to-get-it-right>.

²⁵ Total PE deal value reached \$847.8 billion in 2024, and was \$96.6 billion in healthcare transactions. PITCHBOOK, 2025 ANNUAL US PE BREAKDOWN 10 & 14 (2025). The 2025 figures are comparable: total PE deal value reached \$1,155.5 billion, with healthcare accounting for \$138.5 billion. This Article relies on the 2024 figures to maintain comparability with statistics drawn from other sources. See *infra* note 26.

²⁶ PRIV. EQUITY STAKEHOLDER PROJECT, PRIVATE EQUITY HEALTHCARE DEALS: 2024 IN REVIEW (Feb. 2025), https://pestakeholder.org/wp-content/uploads/2025/02/PESP_Report_HC-Acquisitions_2025.pdf.

²⁷ *Id.* See also *Trivest Partners Announces Three New Add-Ons for Optima Medical*, PARAGON VENTURES, <https://www.paragonventures.com/market-pulse-posts/trivest-partners-announces-three-new-add-ons-for-optima-medical/>.

add-on acquisitions.²⁸ As Asil et al. (2026) documents, similar patterns extend across other healthcare markets, namely to anesthesiology, radiology, gastroenterology, and urology.²⁹

2. Veterinary Care

Veterinary care has become another major target of PE-backed rollups. Like healthcare, veterinary markets have features that make them especially attractive for serial acquisition. Demand is local, services must be delivered in person, and care is often provided by small practices embedded in neighborhoods they serve.

The scale of PE investment in this industry has been substantial. According to Pitchbook data reported by The Atlantic, PE-backed investment in veterinary care totaled \$51.6 billion between 2017 to 2023.³⁰ Over roughly the same period, consumer spending on veterinary care rose from about \$29 billion in 2019 to \$38 billion in 2023.³¹ Senators Elizabeth Warren and Richard Blumenthal have likewise warned that PE firms now back nearly one-third of the veterinary clinics in the USA.³²

One striking example is National Veterinary Associates, a platform company backed by the global PE firm JAB. At the beginning of 2025, National Veterinary Associates operated more than 1,400 veterinary clinics, and its expansion has continued despite FTC scrutiny.³³

²⁸ PRIV. EQUITY STAKEHOLDER PROJECT, PRIVATE EQUITY HEALTHCARE DEALS: 2024 IN REVIEW (Feb. 2025), https://pestakeholder.org/wp-content/uploads/2025/02/PESP_Report_HC-Acquisitions_2025.pdf.

²⁹ Aslihan Asil, Paulo Ramos, Amanda Starc & Thomas G. Wollmann, *Painful Bargaining: Evidence from Anesthesia Rollups* (Nat'l Bureau of Econ. Rsch., Working Paper No. 33217, 2024); Aslihan Asil et. al, *Are PE Funds Liable for Anticompetitive Acquisitions*, 31 STANFORD J. L., BUS. & FIN. 66, 78-80 (2026).

³⁰ Helaine Olen, *Why Your Vet Bill Is So High*, THE ATLANTIC (Apr. 25, 2024), <https://www.theatlantic.com/ideas/archive/2024/04/vet-private-equity-industry/678180/>.

³¹ AMERICAN PET PRODUCTS ASS'N, *Americans' Pet Spending Reaches Record-Breaking High: \$95.7 Billion* (Feb. 27, 2020), <https://www.prnewswire.com/news-releases/americans-pet-spending-reaches-record-breaking-high-95-7-billion-301012852.html>; AMERICAN PET PRODUCTS ASS'N, *U.S. Pet Industry Reaches \$147 Billion in Sales in 2023* (Mar. 22, 2024), <https://americanpetproducts.org/news/u.s.-pet-industry-reaches-147-billion-in-sales-in-2023>.

³² Letter from Elizabeth Warren & Richard Blumenthal, U.S. Sens., to JAB Holding Co. (Aug. 6, 2024), https://www.warren.senate.gov/imo/media/doc/warren_blumenthal_letter_to_jab_holding_s_re_veterinary_clinics.pdf.

³³ *Corporate Consolidation and the Rise of Private Equity*, AAHA TRENDS, <https://www.aaha.org/trends-magazine/publications/corporate-consolidation-and-the-rise->

3. Software

Software has become one of the core industries for PE-backed rollups. In 2025, software accounted for roughly 18% of total PE deal value.³⁴ Unlike healthcare and veterinary care, however, software is not attractive because demand is local or services must be delivered in person. Its appeal lies instead in high market segmentation.

PE firms frequently target specialized business-to-business (B2B) software companies that serve narrow customer needs within segmented markets. These firms are especially attractive because they tend to generate recurring revenue, retain sticky customers, and compete against several small or medium-sized rivals.³⁵ These features make serial acquisitions financially feasible and strategically valuable. Common targets include Software as a Service (SaaS), vertical market software, cybersecurity, data and analytics, and automation tools.³⁶

of-private-equity/. In 2022, the FTC investigated two JAB acquisitions of veterinary-clinic businesses, valued at \$1.65 billion and \$1.1 billion. The agency ultimately permitted both transactions to proceed only under consent orders requiring JAB to divest certain clinics and provide advance notice of certain future veterinary-clinic acquisitions.

See JAB Consumer Partners/National Veterinary Associates/Sage Veterinary Partners, FTC Matter No. 2110140, <https://www.ftc.gov/legal-library/browse/cases-proceedings/2110140-jab-consumer-partnersnational-veterinary-associatessage-veterinary-partners-matter>; Press Release, Fed. Trade Comm'n, *FTC Approves Final Order Against JAB Consumer Partners to Protect Pet Owners from Private Equity Firm's Rollup of Veterinary Services Clinics* (Oct. 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/10/ftc-approves-final-order-against-jab-consumer-partners-protect-pet-owners-private-equity-firms>.

³⁴ PITCHBOOK, 2025 ANNUAL US PE MIDDLE MARKET REPORT 16 (2025). Reuters captures the logic behind this trend, observing that “software companies have emerged as prime acquisition targets as adoption of artificial intelligence and recurring revenue prove to be resilient markers...” Zaheer Kachwala, *Thoma Bravo to Buy Verint in \$2 billion Deal as Software Acquisitions Ramp Up*, REUTERS (Aug. 25, 2025), <https://www.reuters.com/en/thoma-bravo-buy-verint-2-billion-deal-software-acquisitions-ramp-up-2025-08-25/>.

³⁵ As Bain & Company observes, “private equity tends to avoid the most hyped tech segments, investing instead in enterprise software companies that are more resilient in downturn.” BAIN & CO., TECHNOLOGY PRIVATE EQUITY REPORT (2020), <https://www.bain.com/insights/technology-global-private-equity-report-2020/>.

³⁶ Nick Fleisher et al. *Private Equity Turns to Resiliency Strategies for Software Investments*, MCKINSEY (Mar. 29, 2023), <https://www.mckinsey.com/industries/private-capital/our-insights/private-equity-turns-to-resiliency-strategies-for-software-investments>; *Why are SaaS Deals Dominating the M&A Landscape?*, PITCHBOOK (Aug. 27, 2019), <https://pitchbook.com/blog/why-are-saas-deals-dominating-the-ma-landscape> (“ These

Some of the most prominent PE firms have built their investment strategies around this model. Thoma Bravo, for example, describes itself as “the world’s largest software-focused investment firm.”³⁷ As of 2025, the firm had approximately \$184 billion in assets under management and had invested in more than 530 software companies.³⁸ Its acquisition of Apryse illustrates the rollup strategy in practice. Thoma Bravo acquired Apryse, a document processing technology platform, in 2021. Since then, Apryse has completed nine add-on acquisitions.³⁹

Vista Equity Partners provides another prominent example. Vista states that it “pioneered enterprise software investing.” As of 2024, it had more than \$100 billion in assets under management and had completed more than 600 software deals.⁴⁰ Solera illustrates this strategy especially clearly. Vista acquired Solera, a software company in the automotive and insurance technology sector, in 2016.⁴¹ When Solera filed for an IPO in 2024, its filings reported that the company had completed more than 50 acquisitions.⁴²

4. Home Services

Home services have also become a recurring target of rollup activity. Reuters attributes the surge in PE investment in this sector to firms being

trends have contributed to PE’s increased appetite for investments into SaaS—a notably high-growth subsector comprised of companies that boast even higher valuations.”); BAIN & CO., SOFTWARE GLOBAL PRIVATE EQUITY REPORT (2022), <https://www.bain.com/insights/software-global-private-equity-report-2022/>.

³⁷ THOMA BRAVO, <https://www.thomabravo.com/>

³⁸ Zaheer Kachwala, *Thoma Bravo to Buy Verint in \$2 billion Deal as Software Acquisitions Ramp Up*, REUTERS (Aug. 25, 2025), <https://www.reuters.com/en/thoma-bravo-buy-verint-2-billion-deal-software-acquisitions-ramp-up-2025-08-25/>

³⁹ Milana Vinn, *Thoma Bravo Explores \$3 Billion-Plus Sale of Software Firm Apryse, Sources Say*, REUTERS (May 29, 2025), <https://www.reuters.com/business/finance/thoma-bravo-explores-3-billion-plus-sale-software-firm-apryse-sources-say-2025-05-29/>.

⁴⁰ VISTA EQUITY PARTNERS, <https://www.vistaequitypartners.com/>; VISTA EQUITY PARTNERS, INVESTING IN THE FUTURE: 2024 YEAR IN REVIEW (2024), <https://2024.vistaequitypartners.com/p/1>.

⁴¹ Sara Tapinekis, *Apollo, Carlyle, Blackstone, Vista Equity Partners and Other Solera Stakeholders Poised to Show Confidence Levels in Software Company Versus AI Fears*, ION ANALYTICS (Apr. 23, 2026), <https://ionanalytics.com/insights/debtwire/apollo-carlyle-blackstone-vista-equity-partners-and-other-solera-stakeholders-poised-to-show-confidence-levels-in-software-company-versus-ai-fears/>.

⁴² Solera Corp., Registration Statement (Form S-1) 15 (June 28, 2024) (“With over 50 completed acquisitions and over \$8 billion of capital deployed on acquisitions since 2006, we have a long and successful track record of acquiring businesses to drive expansion and bolster our technology and solution set.”).

“drawn by steady cash flows and the potential for high valuations in fragmented markets made up of small, local operators.”⁴³ The targets span a wide range of everyday services, including heating, ventilation and air conditioning (HVAC), plumbing, electrical services, car washes, roofing, pest control, landscaping, and fire and life safety services.⁴⁴

HVAC offers a striking example. According to the Wall Street Journal, PE firms acquired at least 800 HVAC companies between 2022 and 2024.⁴⁵ Apex Service Partners, a home-services platform backed Apollo Global Management and Alpine Investors, completed roughly 60 add-on acquisitions in 2025 alone, bringing the platform to nearly 300 businesses.⁴⁶ By 2026, Apex operated in almost every state, employed more than 7,800 tradespeople, and was valued at approximately \$10 billion.⁴⁷

5. Professional and Business Services

⁴³ *Apex Service Partners Nears Minority Stake Sale at \$10 Billion Valuation, Source Says*, REUTERS (May 27, 2026), <https://www.reuters.com/legal/transactional/apex-service-partners-nears-minority-stake-sale-10-billion-valuation-source-says-2026-05-27/>.

⁴⁴ Jim Corridore, *Profile*, PITCHBOOK, <https://pitchbook.com/news/author/jim-corridore/>; *Private Equity Platforms by Sector 2026*, CT ACQUISITIONS, <https://ctacquisitions.com/guides/private-equity-platforms-by-sector-2026/>; Lydia DePillis, *A BlackRock-Backed Roofing Conglomerate Goes Bust*, N.Y. TIMES (Nov. 13, 2025), <https://www.nytimes.com/2025/11/13/business/economy/private-equity-roofers-contractors-blackrock.html>; *Private Equity Finds Recurring Demand: 8 Notable Deals in the Fire Safety Sector*, PE HUB, <https://www.pehub.com/private-equity-finds-recurring-demand-8-notable-deals-in-the-fire-safety-sector/>; *Monarch Landscape Companies*, AUDAX PRIV. EQUITY, <https://www.audaxprivateequity.com/portfolio/monarch-landscape-companies>.

⁴⁵ Te-Ping Chen, *America’s New Millionaire Class: Plumbers and HVAC Entrepreneurs*, WALL ST. J. (Oct. 12, 2024), <https://www.wsj.com/business/entrepreneurship/plumbers-hvac-skilled-trades-millionaires-2b62bf6c>; CAPSTONE PARTNERS, HVAC SERVICES M&A COVERAGE REPORT (Dec. 2025), https://www.capstonepartners.com/wp-content/uploads/2025/12/Capstone-Partners_HVAC-Services_MA-Coverage-Report_December-2025.pdf; Miriam Gottfried, *Private Equity Wants to Wash Your Car*, WALL ST. J. (Aug. 20, 2022), <https://www.wsj.com/finance/investing/private-equity-wants-to-wash-your-car-11660968031>.

⁴⁶ *Private Equity HVAC 2026*, CT ACQUISITIONS, <https://ctacquisitions.com/guides/private-equity-hvac-2026/>; *Apollo Joins Alpine Investors in Backing Home-Services Giant Apex*, WALL ST. J., <https://www.wsj.com/pro/private-equity/apollo-joins-alpine-investors-in-backing-home-services-giant-apex-91fd3a7e>.

⁴⁷ *Apex Service Partners Nears Minority Stake Sale at \$10 Billion Valuation, Source Says*, REUTERS (May 27, 2026), <https://www.reuters.com/legal/transactional/apex-service-partners-nears-minority-stake-sale-10-billion-valuation-source-says-2026-05-27/>.

PE rollups have also become prominent in professional and business services, including insurance, accounting, audit, tax, architecture, engineering, and construction services.⁴⁸ These industries are attractive targets because they are often populated by small and mid-sized firms. Their markets also tend to be either segmented or local. In some areas, competition is organized around professional specialty, customer type, or industry focus. In others clients depend on nearby providers and relationship-based service.

Insurance brokerage offers a particularly clear example. Buyers backed by roughly forty-one distinct PE firms completed about 500 acquisitions.⁴⁹ As OPTIS Partners, a Chicago-based consulting firm specializing in insurance, explains, “by some estimates there are over 30,000 independent agencies under \$1.25m in revenue, the vast majority with no ability to perpetuate, so expect consolidation to continue.”⁵⁰

A canonical PE-backed platform in insurance is Hub International, which is backed by Hellman & Friedman (H&F) and has been valued at \$29 billion.⁵¹ As Reuters reports, Hub has “completed several ‘roll-up’ acquisitions to consolidate its presence in a fragmented market.”⁵² In total, Hub has completed more than 850 acquisitions, including forty-nine deals in 2025 alone.⁵³

Accounting services have followed a similar trajectory. Annual PE-backed acquisitions in accounting rose from twenty-two deals in 2023 to more than 100 in 2025.⁵⁴ Industry reports identify approximately 250

⁴⁸ CAPSTONE PARTNERS, AEC SERVICES M&A COVERAGE REPORT (June 2025), https://www.capstonepartners.com/wp-content/uploads/2025/06/Capstone-Partners-AEC-Services_MA-Coverage-Report_June-2025.pdf.

⁴⁹ OPTIS PARTNERS, YEAR-END 2025 M&A REPORT (Jan. 2026), <https://optisins.com/wp/wp-content/uploads/2026/01/Year-End-2025-MA-Report-2.pdf> (“The total number of deals in 2025 was 695, of which PE/hybrid buyers completed 73%.”).

⁵⁰ *Id.*

⁵¹ *PE-Backed Hub International Hits \$29bn Valuation Following New \$1.6bn Funding Round*, PRIV. EQUITY WIRE, <https://www.privateequitywire.co.uk/pe-backed-hub-international-hits-29bn-valuation-following-new-1-6bn-funding-round/>.

⁵² *Insurance Broker Hub International Secures \$29 Billion Valuation*, REUTERS (May 12, 2025), <https://www.reuters.com/business/finance/insurance-broker-hub-international-secures-29-billion-valuation-16-billion-2025-05-12/>.

⁵³ *Mergers & Acquisitions*, HUB INT’L, <https://hubrpw.com/mergers-acquisitions/>.

⁵⁴ *Cornerstone PE Deal Tracker—PE Update: Alan Whitman Plants a Flag in the Private Equity Landscape 2020–2026*, CPA TRENDLINES (Feb. 16, 2026), <https://cpatrendlines.com/2026/02/16/cornerstone-pe-deal-tracker-pe-update-alan-whitman-plants-a-flag-in-the-private-equity-landscape-2020-2026/>.

transactions since 2019, involving more than fifty PE firms.⁵⁵ Among deals with reported estimates, roughly one-third involved mid-market targets with annual fees between \$20 to \$75 million.⁵⁶ Reporting on the surge in PE activity in accounting, the Financial Times observed, “it is not hard to see the logic. Accounting firms provide a flow of resilient, stable audit revenues, along with scope to consolidate a fragmented market.” KPMG, one of the big four accounting firms, has reached a similar conclusion.⁵⁷ One prominent example is Citrin Cooperman, an accounting firm backed by New Mountain Capital until early 2025 and now backed by Blackstone, which has completed twenty-five add-on acquisitions since its initial PE backing.⁵⁸

Across industries—from healthcare and software to home services and professional and business services—the playbook is familiar. A PE firm acquires a platform company, rolls up smaller competitors, and consolidates local or segmented markets. I now turn to the labor-market characteristics of these rolled-up industries, which provide the foundation for analyzing the antitrust implications of PE-backed rollups in labor markets.

C. Labor Market Characteristics

On the product and service side, rollups typically target fragmented, local, and segmented markets with limited economies of scale, as illustrated by physician care, veterinary care, software, home services, and professional services. These same market characteristics often generate a recognizable set of labor-market features. As a result, the labor markets most exposed to PE-backed rollups tend to share recurring characteristics, which I group into three categories.

First, labor markets most exposed to rollups are often local or segmented. This feature follows naturally from the product and service markets that rollups typically target, which are local or segmented. When consumers demand local products or services, the work usually must be

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ KPMG attributes the rise in PE activity in accounting to PE firms’ ability to “bring extensive buy-and-build expertise in a sector characterized by high fragmentation and rapid consolidation.” KPMG, PROFESSIONAL SERVICES INDUSTRY UPDATE (Spring 2025), <https://corporatefinance.kpmg.com/kpmg-us/content/dam/kpmg/corporatefinance/pdfs/2025/professional-services-industry-update-spring-2025.pdf>.

⁵⁸ *Id.*

performed locally as well. Workers' outside options are therefore shaped by commuting zones, family obligations, client relationships, and local reputation. As a result, they generally cannot treat employers across the country as realistic alternatives.

A similar dynamic arises when the labor market is segmented by worker specialization rather than geography alone. Workers may develop specialized skills, client relationships, and reputational capital within a particular niche, making employers outside that niche less realistic alternatives. In software and professional services frequently targeted by PE, labor-market boundaries may therefore be geographic or specialty-specific.

Although both the product markets and labor markets targeted by rollups tend to be local or segmented, the corresponding labor markets may be substantially narrower. The reason is straightforward. Workers generally face greater mobility frictions than consumers. Even when product markets are local or segmented, consumers may be willing to travel, search, or compare providers across a wider area, especially for infrequent purchases. Workers, by contrast, face these frictions every day. They must commute repeatedly, provide services in person, build and maintain client relationships, acquire occupation-specific skills, and, in many industries, obtain licenses or credentials tied to a particular location or specialty. As a result, the relevant labor market may be narrower than the corresponding product or service market. This distinction underscores the need for antitrust scrutiny that examines labor-market effects directly, rather than treating them incidental to product-market competition.

Second, labor markets exposed to PE-backed rollups are often fragmented. This follows directly from the structure of product and service markets that rollups target. A rollup strategy depends on the ability to acquire a series of competing businesses, which is possible only when the market contains many small or mid-sized firms rather than a few dominant players. Fragmentation among sellers before PE entry therefore often mirrors fragmentation among employers, with workers spread across numerous businesses.

Third, rollups are especially likely to occur in human-capital-intensive service industries. These industries tend naturally to be fragmented, and their markets are typically local or segmented. They are local because the core service is usually delivered person by person, often in a particular place or for a particular client. For example, a physician treats one patient at a time, a veterinarian examines one animal at a time, an accountant serves particular clients, and an HVAC technician visits a particular home. They are segmented because providing these services often requires specialized expertise. For example, a software engineer focused on cybersecurity may

need a different skill set from one focusing on data analytics, just as a tax accountant needs knowledge distinct from that of a financial accountant. Businesses in these industries also tend to be difficult to scale. Serving more customers often requires hiring more skilled workers, so the frontline service does not become significantly cheaper simply because the firm is larger.

Because human capital is usually central to these targeted industries, the affected labor markets are often shaped by contractual restraints designed to protect firms' interest in workers' skills and client relationships. But those same restraints can also suppress worker mobility. The canonical example is the noncompete agreement, which bars workers from joining a competitor or starting a competing business for a specified period of time and within a specified geographic area.

In healthcare, for example, the American Medical Association estimates that noncompetes cover between 37 to 48 percent of physicians. The American Nurses Association has likewise reported extreme examples of noncompetes with a geographic reach of 7,500 miles—a distance greater than that from New York City to Hawaii, with roughly 2,000 miles to spare.⁵⁹ The Economic Policy Institute, a non-profit think tank, notes that 58 percent of surveyed workplaces in finance, insurance, and real estate use noncompetes.⁶⁰ The U.S. Government Accountability Office similarly reports that “38 percent of engineers and 36 percent of computer science and mathematics workers had an NCA.”⁶¹ Noncompetes have also been reported in other industries frequently targeted by PE-backed rollups, including HVAC services.⁶²

Another restraint on worker mobility is nonsolicitation clauses. Unlike noncompetes, these provisions do not formally bar a worker from joining a

⁵⁹ *AMA Backs Effort to Ban Many Physician Noncompetes*, AM. MED. ASS'N, <https://www.ama-assn.org/medical-residents/transition-resident-attending/ama-backs-effort-ban-many-physician-noncompete>; *Comments on FTC Proposed Rule on Noncompete Clauses*, AM. NURSES ASS'N (2023),

https://www.nursingworld.org/globalassets/docs/ana/comment-letters/anacomments_ftcproposedrule_noncompeteclauses_2023.pdf.

⁶⁰ *Noncompete Agreements*, ECON. POL'Y INST.,

<https://www.epi.org/publication/noncompete-agreements/>.

⁶¹ U.S. GOV'T ACCOUNTABILITY OFF., GAO-23-103785, NONCOMPETE AGREEMENTS: USE IS WIDESPREAD TO PROTECT BUSINESS' STATED INTERESTS, RESTRICTS JOB MOBILITY, AND MAY AFFECT WAGES (2023), <https://www.gao.gov/assets/gao-23-103785.pdf>

⁶² *J.O. Mory, Inc.*, Cases 25-CA-309577, 25-CA-336995, JD-36-24, slip op. (N.L.R.B. Div. of Judges June 13, 2024) (Karpinen, ALJ), <https://www.tradesecretsandemployeemobility.com/assets/htmldocuments/uploads/pdf/Administrative%20Law%20Judges%20Decision-JO%20Mory%20Inc.pdf>

rival. But they can sharply reduce the value of exit by preventing the worker from bringing patients, clients, customers, or coworkers to the new firm.⁶³

The importance of human capital also shapes the cost structure of add-on targets. Because these businesses generate revenue through skilled workers, labor and professional compensation can be among their largest costs. And because economies of scale tend to be limited, expanding output usually requires either adding skilled workers or extracting more revenue from the existing workforce. Labor is therefore both the engine of revenue and a central constraint on margins. For that reason, value creating in PE rollups often depends on two related strategies: controlling labor expenses on the cost side and increasing the revenue generated by the same workforce on the revenue side.

III. Antitrust Concerns in Rolled Up Labor Markets

A. Statutory Basis

At their core, rollups are a series of acquisitions financed and directed by PE firms. Their anticompetitive effects are therefore most naturally addressed under Section 7 of the Clayton Act, which prohibits “direct or indirect” acquisitions of “the whole or any part of the stock” or “the whole or any part of the assets” of an entity “where in any line of commerce [...] the effect of such acquisition may be substantially to lessen competition, or tend to create a monopoly.”⁶⁴

Labor markets qualify as a “line of commerce” with a geographic dimension under Section 7.⁶⁵ Accordingly, an acquisition that may substantially lessen competition in a relevant labor market falls within the statute’s reach. In the context of a rollup, the key question is whether the platform and its add-ons competed against one another in a labor market before consolidation.

⁶³ Andrew G. Simpson, *Marsh Sues Aon, Ex-Team Leader Over Exit of 20 Construction Surety Employees*, INS. J. (May 5, 2025),

<https://www.insurancejournal.com/magazines/mag-features/2025/05/05/821572.htm>; *Top 10 Legal Mistakes HVAC Owners Make When Selling Their Company*, OBERMAN L., <https://obermanlaw.com/top-10-legal-mistakes-hvac-owners-make-when-selling-their-company>; *Your 1st Job Contract Could Set the Tone for Your Physician Career*, AM. MED. ASS’N, <https://www.ama-assn.org/medical-residents/transition-resident-attending/1st-job-contract-could-set-tone-your-physician>.

⁶⁴ 15 U.S.C. § 18 (2024).

⁶⁵ Ioana Marinescu & Herbert Hovenkamp, *Anticompetitive Mergers in Labor Markets*, 94 IND. L.J. 1031, 1033 (2019).

That competitive relationship follows from the logic of rollups themselves. Recall that PE firms typically roll up businesses that are close enough in function, geography, customer base, and operating model to be combined into a single platform. The targeted industries are often fragmented with local or segmented markets. This functional overlap and these market characteristics create the opportunity for pricing power, cost savings, bargaining leverage, and multiple expansion. But the same overlap that makes a rollup profitable on the output side often creates overlap on the input side. Firms that sell similar services in the same area often recruit from the same labor pool, seek workers with similar skills, and serve as outside options for one another's employees. Before the rollup, then, a typical platform and its add-ons are not only product-market rivals. They are also labor-market rivals competing for the same workers in the same location.

A rollup therefore combines multiple entities that once competed for labor. In doing so, it increases the consolidated platform's labor-market power while reducing the number of employers competing for the same workers.

B. Anticompetitive Effects

The aggregation of labor-market power and the increase in labor-market concentration can produce several anticompetitive effects. I group them in three categories.

First, rollups can give the consolidated platform both the incentive and the ability to reduce wages below competitive levels—that is, to set what economists call “infracompetitive” wages.⁶⁶ The core mechanism is the elimination of “business-stealing” externality that disciplines competing employers in a labor market. Before acquiring add-ons, the platform cannot lower wages without risking the loss of workers to competing businesses that continue to offer higher pay. That risk constrains the platform's ability to suppress wages.

After the rollup, however, employees' outside options shrink. Employees who once could have responded to a wage cut by leaving for another company now face the same employer, employers under common ownership, or employers under common control. The consolidated platform can therefore reduce wages with less fear of losing workers to rivals. By

⁶⁶ *United States v. Anthem, Inc.*, 855 F.3d 345, 356, 371 (D.C. Cir. 2017), cert. denied, 582 U.S. 901 (2017). *Cf. West Penn Allegheny Health Sys., Inc. v. UPMC*, 627 F.3d 85 (3d Cir. 2010).

eliminating competing employment options, the rollup creates labor-market power: the power to pay workers less without losing too many of them.

Although any merger between labor-market competitors can create a risk of infracompetitive wages, that risk is especially acute in rollups. Recall that rollups often target human-capital-intensive industries, where workers are not a marginal input but the core asset of the business. Because labor accounts for a large share of operating costs, wage suppression may become one of the most direct ways for the consolidated platform to exercise its newly acquired market power.

The rollup of family-owned remodeling companies by Audax Group, one of the world's largest PE firms, illustrates the point. As one project manager at an acquired company explained to the *New York Times*, “the biggest expenditure is labor, so they start renegotiation with the installers and say, ‘The 10 to 12 you were making is now going to be 8.’”⁶⁷

The serial nature of PE-backed rollups further heightens the risk of wage depression. In a rollup, each add-on acquisition removes another competing employer from the market and quietly erodes workers' outside options. This risk is especially pronounced because rollups often take place in fragmented, local and segmented labor markets, where even relatively small acquisitions can meaningfully narrow the set of realistic employment alternatives. Over time, the serial acquisition of competing employers can transform dispersed labor market into one controlled by a single platform, giving that platform both the incentive and ability to exercise monopsony power through infracompetitive wages.

Infracompetitive wages harm not only workers, but also consumers. In a competitive labor market, an employer takes the market wage as given. It can hire additional workers at that wage without raising pay for all other employees. The employer therefore hires up to the point where each worker's wage equals the revenue that worker adds, producing goods or services at the competitive level.

A firm with monopsony power faces different incentives.⁶⁸ To attract one more worker, it may need to offer a higher wage. But because similarly situated workers are usually paid roughly the same amount, raising pay for the new worker also means raising pay for existing workers. The true cost

⁶⁷ Lydia DePillis, *A BlackRock-Backed Roofing Conglomerate Goes Bust*, *N.Y. TIMES* (Nov. 13, 2025), <https://www.nytimes.com/2025/11/13/business/economy/private-equity-roofers-contractors-blackrock.html>

⁶⁸ Although “monopsony” strictly refers to a single buyer, the term is often used more broadly to describe buyer-side market power, including oligopsony markets with only a few significant buyers. In both settings, the core concern is the same: buyers may have sufficient power to depress wages or other terms below competitive levels.

of hiring one more worker is therefore higher than that worker's wage alone. As a result, the monopsonist finds it profitable to hire fewer workers and pay less than the competitive wage. With fewer workers, the firm produces less and serves fewer customers than it would in a competitive market. In this way, wage suppression can injure both workers and consumers.

Second, and related to infracompetitive wages, rollups can give PE-backed platform companies the power to worsen nonwage terms of employment. In labor markets, workers are compensated through a bundle of terms, including wages, benefits, hours, workload, safety, and promotion opportunities. When an employer has monopsony power, workers have fewer outside options. This allows the employer to degrade these terms without losing as many employees as it would in a competitive market. Once again, this deterioration can harm consumers as well as workers. Poorer working conditions and heavier workloads can lower the quality of the goods and services that workers provide.

Third, PE-backed rollups can make coordination easier, both immediately and over time. The static effect is straightforward. By consolidating independent employers, a rollup reduces the number of businesses competing for the same workers. With fewer employers in the market, employers can more easily monitor one another's wage offers, follow a wage leader, punish firms that raise wages or improve working conditions, and reach a shared understanding over wages or other nonwage terms of employment. As a result, anticompetitive parallel conduct, tacit coordination, or outright collusion becomes easier to sustain.

Rollups can also facilitate coordination over time. Once a PE firm begins consolidating a market, today's independent employers may become tomorrow's add-on targets. That possibility can soften competition even before an acquisition occurs. An independent firm hoping to sell to the platform may have less incentive to compete aggressively for workers, raise wages, or disrupt the platform's labor strategy, because doing so could reduce its profitability, make it a less attractive acquisition target, or antagonize the likely buyer. At the same time, repeated acquisitions give the platform a continuing presence in the market and a way to identify, reward, or discipline rivals. The result is a labor market in which firms may compete less vigorously, not only because there are fewer of them, but also because the remaining firms understand that their viability may depend on staying in the platform's good graces.

C. Aggravating Factors

The labor markets targeted by rollups often have features that amplify the anticompetitive effects of consolidation. These features make the threat to workers especially acute and, in some respects, more troubling than the threat posed to consumers.

The canonical example is the widespread use of noncompete and non-solicitation agreements in labor markets targeted by PE firms. Mergers among competing employers are especially concerning in these markets because these contractual restraints already weaken workers' outside options.⁶⁹

To see why, consider first a labor market without noncompetes or non-solicitation agreements. In an unconstrained labor market, if the consolidated business uses its newly acquired monopsony power to suppress wages or degrade non-wage terms of employment, rivals can respond by offering better terms. Workers can then leave the consolidated firm, take their customers with them, and move to a competing employer. In this way, non-merging rivals and new entrants can help restore competition.

Noncompetes disrupt this corrective mechanism. When workers are bound by noncompetes, they cannot freely leave the monopsonist and join an independent rival. And even when a noncompete would ultimately be found unenforceable or unlawful, its practical force may be still be substantial. Rival employers often treat workers subject to noncompetes as legally risk hires. This is because litigation is costly, outcomes are uncertain, and the mere threat of a lawsuit—especially by a PE-backed, deep pocketed platform company—may be enough to deter recruitment. For many independent rivals, it is easier and cheaper to walk away from the worker than to fight the legal battle.

Non-solicitation agreements, in turn, can exacerbate the anticompetitive consequences of rollups by weakening another key corrective mechanism, namely workers' ability to compete effectively after they leave. Even when workers are free to exit the monopsonist, non-solicitation agreements may prevent them from bringing their clients with them. This restriction is especially consequential in industries commonly targeted by rollups, where revenue often depends on repeat business, customer loyalty, and sticky client relationships.

⁶⁹ Ioana Marinescu & Herbert Hovenkamp, *Anticompetitive Mergers in Labor Markets*, 94 IND. L.J. 1031, 1056 (2019); PHILLIP E. AREEDA & HERBERT HOVENKAMP, ANTITRUST LAW: AN ANALYSIS OF ANTITRUST PRINCIPLES AND THEIR APPLICATION ¶ 983. See also José Azar, Ioana Marinescu & Marshall I. Steinbaum, *Labor Market Concentration* 7–8 (Nat'l Bureau of Econ. Rsch., Working Paper No. 24147, 2017), <https://www.nber.org/papers/w24147>.

In healthcare services, for example, patients reportedly prefer to see the same doctor even when doing so requires delaying care.⁷⁰ Similarly, according to American Veterinary Medical Association, “the overwhelming majority (85%-90%) of all pet owners who visit a veterinarian have a ‘regular’ veterinarian they prefer.”⁷¹ In these relationship-driven markets, non-solicitation agreements can substantially impair a departing worker’s ability to contribute meaningfully to a rival firm. They can therefore weaken both the worker’s incentive to leave the monopsonists and the rival’s incentive to hire the worker in the first place.

Although rollups can also harm competition in product and service markets, those markets generally lack restraints analogous to noncompete and nonsolicitation agreements.⁷² For example, a patient facing higher healthcare costs after consolidation of physician practices remains free—at least formally—to seek care from an independent practice.⁷³ In contrast, a nurse employed by the same consolidated practice may be contractually barred from taking a job with an independent rival. These restraints are a distinctive features of labor markets, and they help explain why rollups can impose especially severe competitive harm on workers.

Another aggravating feature of rolled-up labor markets is heterogeneity among workers in their relationship to the business. In industries commonly targeted by PE-backed rollups, many firms begin as independent businesses owned by one employee, a family, or only a subset of the employees. That ownership structure is part of what makes these markets attractive to PE firms in the first place, as each independent business represents a potential add-on target.

Healthcare offers a clear example. As the American Medical Association (AMA) explains, “a greater percentage of physicians than ever before work in larger, multispecialty practices owned by hospitals and

⁷⁰ Gregory Shumer et al., *Convenience or Continuity: When Are Patients Willing to Wait to See Their Own Doctor?*, 23 ANNALS FAMILY MED. 151 (2025).

⁷¹ AVMA Pet Ownership and Demographics Sourcebook, 2017-2018 Edition, <https://static1.squarespace.com/static/5b99cdfd365f02c7e5f4e27b/t/5d2d403617097700011940b6/1563246655643/AVMA-Pet-Demographics-Executive-Summary.pdf>.

⁷² Aslihan Asil, Paulo Ramos, Amanda Starc & Thomas G. Wollmann, *Painful Bargaining: Evidence from Anesthesia Rollups* (Nat’l Bureau of Econ. Rsch., Working Paper No. 33217, 2024).

⁷³ Market frictions undoubtedly exist in healthcare. Insurance coverage, for example, can limit the providers available to patients. But these frictions are not first-order anticompetitive restraints, nor are they equally pronounced across the product and service markets commonly targeted by rollups. In many of those markets—including software, professional services, and home services—comparable constraints may be far weaker, or absent altogether.

private equity firms, reflecting a continued, dramatic shift away from the small, private-practice model that at one point defined U.S. physicians' work environments."⁷⁴ The AMA further reports that "42.2% of physicians were in private practice in 2024, a precipitous drop from 2012, when 60.1% delivered care in that setting."⁷⁵ Veterinary care shows a similar pattern. In describing the rollups in that industry, Bain & Company characterized veterinary services as an industry where "the great majority of practices were independent, and many practice owners were nearing retirement age."⁷⁶ "These smaller businesses," Bain noted, "could be acquired [...], making for an attractive multiple-arbitrage opportunity."⁷⁷

When an employee-owned independent business becomes an add-on target, the acquisition can divide workers within the same firm. Owner-employees with a controlling equity stake typically have the authority to approve the transaction and are unlikely to agree to sell if doing so would harm them financially. As a result, they often stand to benefit from the sale. Minority owners may receive a payout proportionate to their equity stake, but the transaction may still proceed over their objections, because, by definition, they lack the votes to control the decision. Non-owner employees are in an even weaker position. They receive no share of the sale proceeds, yet they must live with the labor-market consequences of the consolidation. The acquisition thus allows the gains from consolidation to accrue to selling owners, while shifting many of its competitive harm onto workers who had no meaningful say in the transaction.⁷⁸ Future workers form another uncompensated group. They enter a labor market already reshaped by consolidation, where competition has been reduced by acquisitions

⁷⁴ Smaller Share of Doctors in Private Practice Than Ever, AM. MED. ASS'N, <https://www.ama-assn.org/practice-management/private-practices/smaller-share-doctors-private-practice-ever>.

⁷⁵ *Id.*

⁷⁶ *Private Equity Buy-and-Build: How to Get It Right*, BAIN & CO., <https://www.bain.com/insights/private-equity-buy-and-build-how-to-get-it-right>.

⁷⁷ *Id.*

⁷⁸ Healthcare offers a clear example of these concerns. In interviews conducted by the Commonwealth Fund, a private foundation focused on health policy reform, physicians working in practices acquired by PE-backed platforms described the financial and professional consequences of consolidation. One orthopedic surgeon who opposed his practice's acquisition explained that "the lump-sum payment he'd received wasn't sufficient to cover the loss of income." *Private Equity: Friend or Foe to Physicians? The Devil Is in the Details*, COMMONWEALTH FUND (Apr. 2026), <https://www.commonwealthfund.org/publications/2026/apr/private-equity-friend-or-foe-physicians-devil-is-in-details>.

completed before they arrived. These distributional effects across different cohorts of workers also create distinctive enforcement problems, which the next section analyzes.

Like noncompete and non-solicitation agreements, the heterogenous effects of rollups on workers have no close analogue in product or service markets, at least to a first approximation. Consumers are typically harmed in broadly similar ways. They may face higher prices, lower quality, or reduced choice, while having little say in the rollup and receiving no compensation absent litigation. As we have seen, labor markets are different. For that reason, PE-backed rollups require a separate analysis in labor markets.

IV. Litigation and Enforcement Challenges

The same features that make rollups uniquely harmful in labor markets also make them difficult challenge. Labor-market harms are often difficult to detect before a transaction closes, difficult to litigate after the fact, and difficult to remedy once workers have already lost meaningful competitive alternatives. These obstacles arise on two fronts. Some burden private plaintiffs, while others complicate enforcement by federal antitrust agencies. This section examines both sets of challenges, beginning with the barriers facing private plaintiffs before turning to the challenges confronting the Federal Trade Commission and the Department of Justice.

A. Challenges faced by Private Plaintiffs

Workers face distinctive obstacles in challenging the anticompetitive effects of rollups in labor markets. Although they may be well positioned to recognize those effects because they experience them firsthand, they often face significant barriers to litigating them. One major barrier is the limited incentive to sue. The cost of litigation may deter workers from seeking injunctive relief before or at the time of an acquisition closes. And after the acquisitions, even treble damages may not be enough to justify the expense and risk of litigation, making ex post challenges unlikely as well.⁷⁹ The

⁷⁹ See, e.g., *Weisfeld v. Sun Chem. Corp.*, 84 F. App'x 257, 263–64 (3d Cir. 2004); Suresh Naidu, Eric A. Posner & E. Glen Weyl, *Antitrust Remedies for Labor Market Power*, 132 HARV. L. REV. 536, 572–74 (2018) (“In contrast, virtually no worker can hope to obtain damages in an antitrust action—even with the treble damages rule—that would compensate her for the cost of litigation.”)

problem is compounded by the fact that workers with the greatest financial capacity to sue—such as equity holders in the acquired business—may have little incentive to do so because they benefit financially from the acquisition.

The difficulty of obtaining class certification further weakens workers' incentive to sue. Under Federal Rule of Civil Procedure 23, a class must satisfy several requirements, including commonality and, for damages classes, predominance.⁸⁰ Briefly stated, workers must show that the class shares at least one common question of law or fact and that common questions predominate over individualized ones. That showing may be difficult in labor markets because workers often differ in economically meaningful ways, including equity ownership, compensation, benefits, seniority, expertise, skills, job responsibilities, and tenure. These differences may also affect how antitrust law applies to a particular workers or subgroups, further complicating class wide proof. Yet, individual suits are often too small, costly, and risky to litigate on their own. Without class certification, many claims may therefore never be brought, allowing widespread labor-market harms to go unremedied and undeterred.

Similar class-certification challenges are less likely to arise when rollups restrain competition in product or service markets. In those markets, harm is often easier to aggregate because consumers tend to stand in a similar position vis-à-vis the seller. And in consumer antitrust cases, the injury is usually an overcharge—a familiar, transactional harm that can often be shown with common proof.

Another obstacle is the statute of limitations for private suits. Private antitrust claims generally must be filed within four years of the plaintiff's injury.⁸¹ Although that period may be extended in cases involving continuing violations, the exception applies only when the defendant commits a new act within the limitations period, not when an old act merely continues to cause harm.⁸² In the context of rollups, this doctrine creates serious problems. Labor-market harms from anticompetitive consolidation may persist long after the limitations period has expired and may continue to affect new workers who enter the market later. But those ongoing effects ordinarily do not count as continuing violations. As a result, workers who enter the affected market even relatively soon after a rollup may already be barred from challenging it.

⁸⁰ Fed. R. Civ. P. 23.

⁸¹ 15 U.S.C. § 15b (2024).

⁸² *Midwestern Mach. Co. v. Nw. Airlines, Inc.*, 392 F.3d 265, 272 (8th Cir. 2004).

B. Challenges faced by Government Enforcers

Federal antitrust agencies face a problem that is almost the inverse of the one facing private plaintiffs. Compared to workers, agencies are often better positioned to litigate once a harmful rollup comes to light. Their greater difficulty lies in detecting rollups before they are completed and in crafting effective remedies after consolidation has already reshaped the market.

The first challenge to federal enforcement stems from deficiencies in the HSR Act's Premerger Notification Program. As described above, the Program is the primary channel through which the agencies learn about mergers and acquisitions in their incipiency.⁸³ Deficiencies in the program therefore significantly hinder the agencies' ability to detect and challenge anticompetitive acquisitions before they close.

The loophole identified in Asil et al. (2023), which disproportionately exempts PE-backed acquisitions, applies with equal force to PE-backed rollups that consolidate labor markets.⁸⁴ Because these acquisitions are especially likely to fall outside the Premerger Notification Program, the agencies are unlikely to learn about them in their incipiency. And as prior research has shown, ex post enforcement rates are close to zero for non-notified acquisitions, even when those acquisitions substantially increase market concentration.⁸⁵ As a result, the agencies may never learn of the anticompetitive effects of PE-backed rollups in product and labor markets alike.

A further challenge for federal enforcement arises after a rollup has already been completed, when agencies seek to remedy the anticompetitive harm after the fact. One of the most powerful remedies for an unlawful acquisition is divestiture. By requiring the sale of all or part of the acquired business, divestiture can reduce or even eliminate the harm by restoring the number or strength of competitors in the market. Because federal antitrust agencies cannot seek monetary damages, structural remedies such as divestiture remain among the strongest tools in their enforcement arsenal.

⁸³ Aslihan Asil, John Barrios & Thomas G. Wollmann, *Misaligned Measures of Control: Private Equity's Antitrust Loophole*, 18 VA. BUS. & L. REV. 51 (2023). See also John M. Barrios & Thomas G. Wollmann, *A New Era of Midnight Mergers: Antitrust Risk and Investor Disclosures*, 16 AM. ECON. J: MICROECON. 77 (2024).

⁸⁴ See Aslihan Asil, John Barrios & Thomas G. Wollmann, *Misaligned Measures of Control: Private Equity's Antitrust Loophole*, 18 VA. BUS. & L. REV. 51 (2023).

⁸⁵ *Id.* See also Thomas G. Wollmann, *How to Get Away with Merger: Stealth Consolidation and Its Real Effects on US Dialysis*, J. POL. ECON. (Forthcoming, 2026)

However, divestiture can restore competition only if there are feasible alternative buyers.

In markets commonly targeted by PE firms, the most natural business owners are often the workers themselves. That helps explain why, before PE firms enter the market, many businesses are independent and employee-owned. But once a market has been rolled up, monopsony power can make divestiture harder to implement. By suppressing wages, the rollup may prevent workers from accumulating the financial resources needed to become viable business owners. The problem is compounded by noncompete and nonsolicitation agreements. These private contracts may continue to bind employees unless the federal agencies separately challenge them or secure their release as part of a settlement. The result is a remedial gap. Even when agencies obtain divestiture, the remedy may be difficult to implement because the very workers who once sustained independent competition may no longer be feasible independent buyers.

The effectiveness of divestiture is further compromised by the time required to rebuild human capital. Labor markets typically targeted by rollups often depend on specialized skills. Acquiring those skills takes time and effort, and individuals are likely to make that investment only when the expected returns are sufficiently attractive. A monopsonist, however, can depress wages below competitive levels, weakening the incentive to enter the field or acquire the necessary expertise. As a result, by the time federal antitrust agencies obtain divestiture, many workers may already have exited the market, while others may never have entered it. The remedy may therefore restore ownership structures without restoring the skilled labor pool needed to make competition meaningful.

V. Policy Recommendation

The obstacles private plaintiffs face in litigation make federal antitrust enforcement essential. The DOJ and the FTC are better positioned to challenge rollups that restrain labor-market competition because they are not subject to the same procedural barriers that limit private suits and are better equipped to address the long-term competitive consequences of consolidation. Although the agencies themselves face resource and time constraints, they have greater institutional capacity and financial means than most employees to investigate and challenge anticompetitive rollups. For these reasons, any effective policy response to the labor-market harms of rollups must put federal antitrust agencies at the center.

The task, then, is to remove the obstacles to federal enforcement. Restoring competition after rollups have already consolidated a labor market

faces structural barriers that policy reforms cannot easily cure. Ex post remedies may come too late, after workers have exited the labor market, independent firms have disappeared, and the market's competitive structure has already been reshaped. As a result, ex-ante enforcement by federal antitrust agencies emerges as the most effective policy response.

A major improvement to ex ante federal enforcement would be to strengthen the agencies' ability to detect rollups in their incipiency. To that end, two aspects of the HSR Act's Premerger Notification Program should be improved. First, the unintended loophole in the Program should be closed. As Asil et al. (2023) recommend, stakes acquired by commonly managed entities should be aggregated for purposes of determining reportability. Under this approach, interests acquired through different investment vehicles managed by the same PE-firm would be combined, so that the reported transaction value reflects the PE-firm's true economic control in the underlying company. As a consequence, PE-backed deals that would otherwise be exempt from reporting would be brought to the agencies' attention.

Second, reporting should take into account not only the absolute value of the transaction, but also its relative significance within the market in which it occurs. The current framework relies primarily on nominal transaction-value and acquiring-person thresholds, without paying any attention to the size of the related market. In particular, reportability typically depends on whether the deal value meets the statutory size-of-transaction threshold of \$50 million, as adjusted annually based on gross national product.⁸⁶ This approach rests on the assumption that transactions below a certain dollar value are unlikely to threaten competition. But a transaction that appears relatively small at the national scale may have serious competitive consequences in local or segmented markets. For example, a \$30 million transaction may be insignificant in a \$600 million market, but it may be highly significant in a \$60 million market. This problem is especially acute for rollups, where a series of individually modest acquisitions can collectively consolidate local or segmented labor markets. Although the relative size of a transaction within the market is evaluated at later stages of merger analysis, it is largely absent from the

⁸⁶ More precisely, if the target has at least \$10 million in assets (as adjusted for inflation) and the acquirer has at least \$100 million (as adjusted) in assets, then the transaction is reportable if and only if the acquirer's interest in the target at the end of the transaction is worth at least \$50 million. If the target has less than \$10 million in assets or the acquirer has less than \$100 million (as adjusted) in assets, the transaction is reportable if and only if the acquirer's interest in the target at the end of the deal is worth at least \$200 million (as adjusted). *See* 15 U.S.C. § 18a (2018).

notification criteria. As a result, mergers that are competitively significant within a particular market may escape notification altogether.

But reporting is only the first step. Once PE-backed acquisitions that are currently exempt begin to be reported, enforcement procedures must be designed to flag not only their effects in product and service markets, but also their consequences for labor-market competition.

For this purpose, labor-market scrutiny should begin by ensuring that filing parties disclose overlaps not only in product markets, but also in labor markets. The existing Program requires merging parties to report the common industries from which they derive revenue, as well as certain minority holdings in entities that derive revenue from the same industries.⁸⁷ For both disclosures, industries are identified by their six-digit NAICS codes.⁸⁸ These codes may reveal both product market and labor market overlaps. But where NAICS codes do not capture competition for employees, the agencies should request additional information about the labor markets in which the transacting entities, and entities commonly managed with them, operate.

One useful benchmark for labor market overlap would combine occupation at the SOC-6 level with commuting zone, as recommended by Marinescu and Hovenkamp.⁸⁹ An SOC-6 level occupation is a six-digit Standard Occupational Classification code by the Bureau of Labor Statistics. It offers a feasible labor market analogue to a six-digit NAICS code. When paired with commuting zone, it would give the agencies insight into both the occupational and geographic dimensions of the affected labor market. Providing this information should not be unduly burdensome for reporting entities, which typically maintain records of their employees and job responsibilities for other legal and regulatory purposes.

After labor-market overlaps between merging entities are identified, the agencies need a framework for evaluating the merger's competitive effects. The 2023 Merger Guidelines provide that framework by expressly incorporating a merger's effects on labor markets. Guideline 10 is especially important. It confirms the agencies' commitment to evaluating mergers in labor markets and makes clear that a deal may violate Section 7 of the Clayton Act if it substantially lessens competition for workers, even when

⁸⁷ 16 C.F.R. § 803.1(a) (2025); Fed. Trade Comm'n, *Instructions to the Notification and Report Form for Certain Mergers and Acquisitions*, Item 5(a) (2025); 16 C.F.R. § 803 App. A, Item 7 (2025).

⁸⁸ *Id.*

⁸⁹ Ioana Marinescu & Herbert Hovenkamp, *Anticompetitive Mergers in Labor Markets*, 94 IND. L.J. 1031, 1044 (2019)

it generates benefits in a separate downstream product market.⁹⁰ The Guideline also recognizes that anticompetitive mergers can degrade both wage and non-wage terms of employment.⁹¹

Equally important, Guideline 10 recognizes that labor markets may contain features that amplify the harms of employer consolidation, including high switching costs and search frictions. Although the Guideline does not expressly mention noncompete and non-solicitation agreements, agencies should take these restraints into account when assessing the labor market effects of rollups. In rolled-up markets, these agreements may further constrain workers' outside options and magnify the anticompetitive effects of consolidation.

The 2023 Merger Guidelines also recognize the harms that can arise from serial acquisitions. The agencies state that they “will consider individual acquisitions in light of the cumulative effect of related patterns or business strategies.”⁹² This approach is especially well suited to rollups, which often derive their competitive significance not from any single acquisition in isolation, but from a series of acquisitions that cumulatively reshape a market.

VI. Conclusion

PE-backed rollups are not only reshaping major product and service markets; they are also transforming the markets in which people work. Because PE firms often target fragmented, local, segmented, and human-capital-intensive industries, rollups can meaningfully reduce the number of realistic employers available to workers and give the consolidated platform greater power to suppress wages and degrade working conditions. These effects are especially difficult to correct because workers often face mobility restraints, such as noncompetes and non-solicitation agreements, and because the gains from consolidation may accrue to selling owners while

⁹⁰ U.S. Dep't of Justice & Fed. Trade Comm'n, *Merger Guidelines* § 2.10 (If a merger may substantially lessen competition or tend to create a monopoly in upstream markets, that loss of competition is not offset by purported benefits in a separate downstream product market. Because the Clayton Act prohibits mergers that may substantially lessen competition or tend to create a monopoly in *any* line of commerce and in *any* section of the country, a merger's harm to competition among buyers is not saved by benefits to competition among sellers.)

⁹¹ *Id.* (“Where a merger between employers may substantially lessen competition for workers, that reduction in labor market competition may lower wages or slow wage growth, worsen benefits or working conditions, or result in other degradations of workplace quality.”)

⁹² U.S. Dep't of Justice & Fed. Trade Comm'n, *Merger Guidelines* § 2.8 (2023).

the costs fall on non-owner employees and future workers. Yet private plaintiffs face serious obstacles in challenging these harms, and government enforcers often learn about rollups only after consolidation has already occurred—if they learn about them at all. For that reason, antitrust policy should strengthen ex ante federal enforcement and give independent attention to the labor-market effects of PE-backed rollups.