

PERSPECTIVES ON
HEALTH CARE & LIFE SCIENCES

December 7, 2017

**Through a Glass Darkly:
The Latest Health Care Deals Signal a
Further Shift in Control and the Locus of Care**By [Mark Lutes](#)

Two merger announcements this week—one concerning CVS’s intention to acquire Aetna and the other concerning United/Optum’s intention to acquire DaVita’s physician group—have health investors and strategists peering over the horizon to understand the future state of health care finance and delivery. The excitement and/or strategic concern is palpable. Having seen traditional business models disrupted in retail, ride hailing, and travel reservations (to name a few areas), those of us in health care know that the same forces must eventually have a profound impact on our markets. This week’s announcements seem to suggest the outlines of some futures that, of course, carry investment opportunities and strategic threats.

One actively emerging future involves the delivery of more health advice, and even care, digitally. A consumer’s interaction with the advice-giver or prescriber might be telephonic, video mediated, or at a pharmacy or other site not traditionally associated with health care. Determining what the staffing model will be for the advice, prescription, or therapeutic interaction will be one of the continuing experiments of the age.

CVS/Aetna might be read to presage enhancing the degree to which health communications with patients can flow through nurse practitioners, physician assistants, pharmacists, or health coaches “powered” by artificial intelligence (AI). United/Optum might also use the “power of numbers” that its collection of data assets provides—although it may also use physician group assets to support its centrality in the system.

Identifying which consumer segments this is appealing to will be tested as these models are developed. Also to be assessed are the downstream effects of new paths for people in the “worried well” group before the clinically intense phase of their lives. Of course, the types of health information and coaching that can be conveyed digitally will also need refinement and to be subject to segmentation. However, to the degree that the entry point is something other than “mom making an appointment at Doctor Brown’s office,” diagnostic and treatment usage, including facility usage, or ordering patterns are up for grabs.

The futures that we are glimpsing just over the horizon will also be challenging from a payment perspective. My work with the payment policy work-stream in “Health Care Without Walls,” a project from the Network for Excellence in Health Innovation ([NEHI](#))—with payer, provider, and innovator participation on technology adoption—confirms the need to shine a light on how to pay for data monitoring, collection, analysis, and AI-enabled patient advice performed by companies and by clinicians other than physicians when the still-dominant fee-for-service system values only “physician work” when paying for a patient interaction.

We may see models that are particularly appealing to the “worried well” faced with high deductibles in their employer-provided coverage. Employers recognizing their vital stake in their employees’ health status, and competing for talent, may embrace some of these futures. Providers that have enjoyed reimbursement above Medicare rates from the coverage that this segment carries will watch this traffic flow with interest and may choose to engage in, or become part of, the solution themselves.

Though the “glass” is still cloudy, the newly announced acquisition intentions give us a number of hints. No doubt, current market participants will be entering into joint ventures or making acquisitions to handle the strategic threats that they now perceive, and investors will refine their thinking as to what assets to use as these markets morph. Given the pace of technological change and consumer usage patterns, our collective sense of anticipation is high. We look forward to interesting times in 2018.

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