TO THE POINT

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The Care At Home Market Shake-Up

Seven Ways New Players Are Consolidating the Market and Changing The Dynamics of Traditional Care At Home Model

THIS ISSUE OF THE REMINGTON REPORT is a must-read to understand the trends and insights reshaping the future. Payers, health systems, Private Equity firms, and SPAC'S acquisition of care at home companies are quickly changing market dynamics and signaling change is ahead.

Today, there are seven ways new players are consolidating the market and changing the dynamics of traditional care at home models. The players are not necessarily external players. Doubling up on the future, are pure plays by existing home health, hospice, community-based, and palliative care organizations expanding their geographic footprint and buying like organizations.

Health systems are in the game. Their strategy is to expand service lines outside of acute care to create continuum of care services that they own. A good example of this is Advocate Aurora Enterprises – the recently-created subsidiary of Midwest-based, not-for-profit Advocate Aurora Health system – aims to invest in businesses that enable people to upgrade their health outside medical facilities. Areas of primary focus are independent aging, parenthood, and personal performance.

Payers are shoring up their Medicare Advantage growth and jumping quickly into the care at home market. Strategies include acquiring national companies in partnership with equity partners to create continuum of care services. Other payers are investing in care management for high-touch and technology-driven capabilities.

An aggressive player in the market is private equity firms buying up companies that can demonstrate strong organic growth. Private equity's laser focus is on cost-cutting and operational efficiencies. In recent years, the number of private equity firms looking to purchase medical practices hospitals, health systems, and care at home organizations has continued to increase.

Entering as another key player are SPACs known as "blank-check" companies – shell companies that allow a private company to become publicly traded without going through the traditional IPO process. Healthcare startups that have experienced rapid growth due to the coronavirus pandemic might take advantage of a SPAC to capitalize on that growth because it is quicker and cheaper upfront than the traditional IPO route.

The momentum is growing. Several market indicators are signaling it will become very challenging to remain a "solo" player in the market. Provider coalitions are on the march to get policy changes to enable the home to be a point of clinical service.