

United-Optum poses a greater threat to health systems than Amazon, CVS

Article

The news: UnitedHealth Group (UHG) reported **\$80 billion** in revenues and **\$5 billion** in profit in Q1. That's up from **\$70.2 billion** in revenues and about on par with **\$4.9 billion** in profits in

the last quarter of 2021.

- UHG's analytics arm **Optum** was a major revenue driver in Q1. **OptumHealth's revenues grew 34% from Q4 to Q1.**

UHG becomes a clinical care behemoth: Its mammoth mergers and acquisitions show how it's growing faster than any other insurer.

Last month, Optum **scooped up** one of the largest US in-home healthcare organizations, **LHC Group**, for **\$5.4 billion**. Once the deal closes in late 2022, Optum will gain access to LHC Group's **30,000 healthcare workers** and **12 million patient interactions** annually.

Competitors like **Humana** have also inked multi-billion dollar expansion deals. But UHG is still on track to dominate every corner of the healthcare industry.

- In January 2021, Optum **announced** plans to snap up fellow health IT company **Change Healthcare** for **\$13 billion**.
- At the time, we said the companies' combined reach would make Optum an undisputed data analytics powerhouse in healthcare. Change Healthcare processes over **\$1.5 trillion** in healthcare claims annually, per its website.
- Regulators are **pushing back** with anti-competitive concerns. Still, UHG expects the acquisition to close sometime this year.

What's next? Once the Optum-Change Healthcare deal goes through, UHG will become an even bigger competitive threat to health systems than giants like **Amazon** and **CVS**.

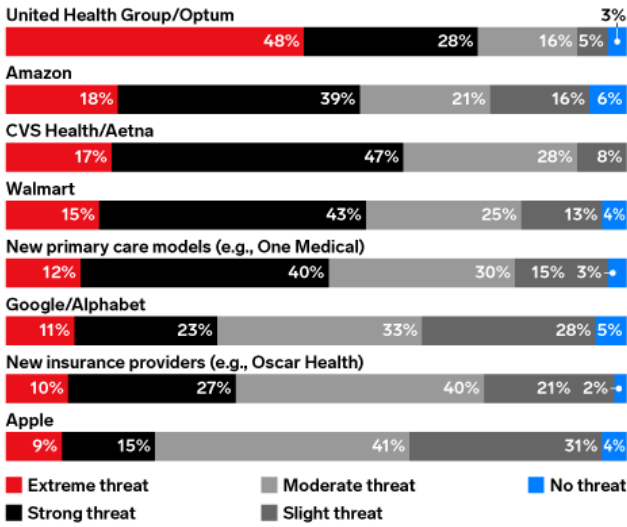
- **Optum employs 53,000 providers and 1,450 neighborhood clinics** across the US, according to its site.
- Its reach doesn't stop at its in-person clinics, though. Last April, UHG's Optum announced the launch of a nationwide telehealth service, **Optum Virtual Care**.

The Change Healthcare merger will extend UHG's analytics presence.

- In fact, **48% of health executives already say UHG-Optum is an "extreme threat"** to their health system.
- That's far higher than their perceived threat from **Amazon (18%), CVS (17%), and Walmart (15%),** **per** a 2021 Kaufman Hall report.

Degree of Competitive Threat Posed by Select Companies to US Hospitals and Health Systems According to US Health Executives, Summer 2021

% of respondents



Note: over the next five years

Source: Kaufman Hall, "State of Consumerism in Healthcare 2021: Regaining Momentum," Sep 8, 2021

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