

Walgreens goes all in on home healthcare

Article

The news: Walgreens Boots Alliance is buying the remaining 45% share of CareCentrix that it doesn't already own for approximately \$392 million.

- CareCentrix manages care for more than 19 million members through more than 7,400 provider locations.
- Its services include home nursing, durable medical equipment, home infusion, and in-home palliative care.

How we got here: CVS Health, Amazon, Walgreens, and UnitedHealth Group are competing to build out national networks of primary care clinics, telehealth services—and now, home health companies.

- **Walgreens got out in front** of its rivals last October with its first CareCentrix investment, paying \$330 million for 55% of the company.
- **UnitedHealth**, which already has the largest physician network in the US, **bought LHC Group**—one of the largest US home healthcare companies—in March 2022 for \$5.4 billion.
- **Amazon scooped up One Medical**, a **primary care network**, in July for \$3.9 billion, then announced it will close Amazon Care by the end of the year.
- And in August, a **bidding war broke out** among CVS, Amazon, and UnitedHealth for **Signify Health**, a home health assessment company. **CVS won** with an \$8 billion offer.

What's next? We predict the buying frenzy won't abate in 2022, because there's so much more to buy. Consider this:

Senior care companies are now hot commodities. Medicare Advantage programs are raking in billions for insurers like UnitedHealth, CVS' Aetna, and Humana.

- **Brookdale Senior Living**, the largest US senior living company, is “exploring strategic options” as of October 7.
- Senior care provider **Cano Health** is reportedly negotiating with CVS, per Bloomberg, although **Humana** has first right of refusal.

Health insurance is another piece of the puzzle.

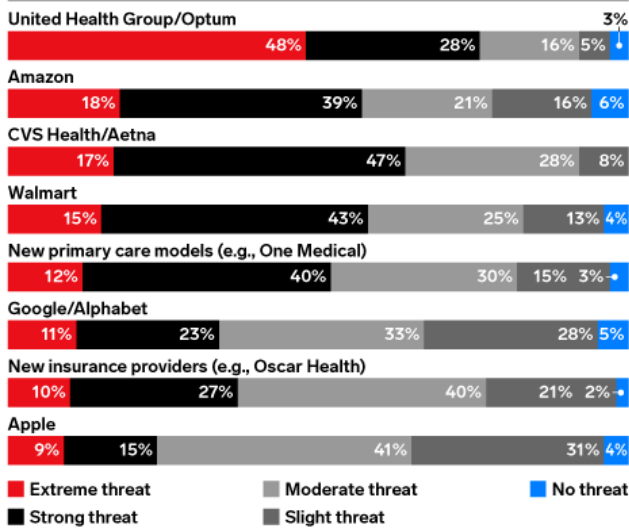
- CVS already owns **Aetna**, a major health insurer.
- **Walmart** launched **Walmart Insurance Services** in October 2020 and partnered with UnitedHealth in September 2022 to offer **preventive care** for seniors and Medicare members.

Amazon now owns a pharmacy and a national physician network. Acquiring an insurtech like **Oscar** or **Clover Health** would benefit its Prime Rx offerings—and its One Medical arm.

Stay tuned: Anything is possible, especially when the market caps of these players range between \$28 billion (Walgreens) and \$1 trillion (Amazon). It doesn't matter how much money a potential target is losing, so long as the buyer sees some revenue upside down the road.

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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