
Select Healthcare Themes and Investment Opportunities



Demographic Shift Towards Older Population



Themes

- There were around 40 million Americans that are 65 and older in 2010
- The population of seniors 65 and older is set to grow to 55 million by 2020, representing an increase of 15 million people at a CAGR of 3.2%
- 40% of those 65 and older will actually be over 75 years old and in need of enhanced assistance and eldercare services
- This demographic shift will have an impact on all industries and especially on the healthcare services sector
- The volume growth from this demographic shift needs to be weighed against reimbursement risks, since the majority of the senior population will rely on government assistance for care

Investment Opportunities

- Assisted Living Facilities
- Retirement Communities
- Geriatric and Palliative Care
- Activities of Daily Living Monitoring
- Personal Emergency Response Services
- Skilled and Unskilled Nursing
- Field Force Training, Certification, Routing, Compliance



Move To Lower Cost Models Of Care



Themes

- Technology and new business models will lead to further transition of care from expensive in-patient facilities to lower cost ambulatory environment and patients' homes
- Physicians assistants, registered nurses, licensed nurse practitioners, registered dietitians, nutritionist, diabetes coaches, health and fitness coaches will play exceedingly greater role and take some of the burden away from higher cost clinicians
- Today's health and fitness clubs will become tomorrow's integrative wellness organizations that specialize in preventative care and basic primary care (e.g. Equinox meets One Medical)

Investment Opportunities

- Select ambulatory care facilities
 - Surgery centers
 - Pain management
 - Wound management
 - Concierge/Urgent care
 - Rehab centers
 - Behavioral health
 - Physical therapy
- Home based healthcare services
 - Private duty homecare
 - Palliative care & hospice
 - Call center based services
 - Care management services
- Fitness and wellness services
 - Corporate wellness
 - Case management
 - Health clubs



Outcomes Based Models Will Replace Fee For Service At Large Health Systems



Themes

- Government and commercial payers will go through several iterations of innovative payment models and settle on a simplified capitated payment structure, where health systems will receive prospective capitated monthly or annual payments to care for patients depending on their diagnosis and condition
- Health systems will invest heavily in population health management and stratification analytics, as well as lower cost prevention services and activities in order to maximize their returns and minimize the use of expensive resources and facilities under new capitated payment models
- Health systems and payers will form close commercial ties or merge completely to offer a one-stop-shop solutions to employers, unions, government organizations, and other buyers of health care services

Investment Opportunities

- Population Risk Management and Analytics
- Care Coordination Services
- Patient Engagement Services
- Secure Communications
- Reimbursement Processing and Analytics
- Business Analytics and Cost Analysis
- Health Risk Assessment Services



“Consumerization” Of Healthcare Services

Demand And Consumption



Themes

- Patients and caregivers will play an increasingly active role in making healthcare decisions and paying for healthcare services
- The changes in the payer industry may lead to complete or partial elimination of “first dollar” insurance and a transition to catastrophic coverage (i.e. for expenses of \$5k+) resulting in a dramatic increase in out of pocket payments for basic primary care services and low cost procedures
- Providers compete for patients’ business instead of courting payers; patient reviews and social media play key roles
- Customer service, speed, price, quality, accessibility, patient experience, breadth and depth of services, and flexible payment models are key differentiation factors
- Patients demand transparency, convenience, and access in terms of pricing, outcomes-based performance, and their personal health information

Investment Opportunities

- Business Services
 - Marketing and CRM
 - Business Intelligence
 - Education and Training
 - Process Management
 - Logistics
 - Workflow Optimization
 - Front Desk Solutions
- Information Technology
 - Cloud-based computing
 - SaaS Services
 - Patient Engagement
- Payment and Incentive Services
 - Specialty Financing
 - Incentive Programs
- Ratings and Market Intelligence
 - Competitive Intelligence
 - Social Network Strategy

Data Analytics And Information Services Begin To Make Sense Of Exponentially Growing Health Data



Themes

- Digitization of medical health records, availability of digital claims data, electronic prescribing, behavioral data, and data collected by personal wearable devices will grow exponentially
- Genomic data starts to become more ubiquitous as the cost of genome sequencing drops to around \$1,000 leading to meaningful increase in available genetic data
- Platforms emerge to aggregate various types of data for patient and clinical facing reporting and basic analysis
- Sophisticated health data analytics lead to personalized care plans, therapies, and consequently better outcomes
- Clinicians increase adoption of clinical decision support tools and software, eventually leading to the emergence of medical artificial intelligence

Investment Opportunities

- Data Aggregation Platforms
- Reporting and Visualization
- Data Security Services
- Health Data Storage
- Health Data Transport Services
- Multi-platform Access Services
- Data Analytics Services
- Genomic Sequencing
- Clinical Decision Support

The Impact Of The “Internet Of Things”, Video Services, And Mobile Broadband Access



Themes

- Patients will use mobile devices to access personal health records, check symptoms, and search for healthcare information more than ever before
- Physicians will use mobile devices to access medical literature, receive peer opinions, communicate with care teams, get data driven decision support, and educate patients on their conditions
- Sensors, batteries, and wireless radios will become smaller and cheaper; they will power numerous biometric monitoring, diagnostic, and activity tracking devices that will be implanted, worn, or used by patients as well as installed in their homes
- Smarter video protocols and faster networks will move a lot of primary care (50-70%) and health and wellness related consultations into the virtual paradigm, while expanding access, reducing waiting times, and increasing convenience

Investment Opportunities

- Mobile Device Management
- Medical Device Logistics, Storage, Refurbishment, and Disposal
- Sensor Certification and Regulatory Consulting
- Installation and Training
- Monitoring Centers
- Technical Interpretation Services
- Virtual Health and Wellness Services
- Wireless Network Maintenance and Data Mining



Pharma Enters The Digital Age: E-Companion Therapeutics, Virtual Clinical Sites



Themes

- Therapeutics will be paired with connected sensors and software applications (mobile) that would manage compliance, collect reported outcomes, and provide feedback and coaching
- Clinical trial recruiting will be primarily done through specialized social networks; patients' homes will become the new clinical sites enabled by medical sensors, point of care testing, and high quality video services
- Data analytics on personal medical records, behavioral and environmental factors, and genomic data will guide targeted therapeutic development
- Medication adherence will be tracked by smart pill boxes and ingestible sensors for high value drugs
- Refills will be initiated automatically by sensors or through mobile platforms and executed through online pharmacies and home deliveries

Investment Opportunities

- Metadata Mining for Trial Recruiting
- Clinical Trial and Post-Commercialization Marketing
- Remote Patient Monitoring and Testing, and Related Services
- Specialty Application Development
- Electronic Data Capture SaaS
- Online and Mail-Order Pharmacies
- Specialty Medication Logistics, Packaging, and Label Printing