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## Eye of the Consolidation Storm

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In ongoing work associated with the Jefferson College of Population Health (JCPH), I am engaged with a score of public and private sector organizations that are seeking to further define our field and to shape its future direction. I could not help but notice that in the past few weeks alone, in terms of consolidation, we have been at the “eye of the storm.” Allow me to share some specific examples of market consolidation, and then to offer some prognostication regarding the future.

Sometimes after a storm of consolidation, fair weather prevails. For example, when a for-profit healthcare company purchases a community hospital, the purchaser is bound by law to create what is termed a “conversion foundation” to ensure that funds are permanently dedicated to purposes consistent with the mission of the “converting” nonprofit organization.<sup>1</sup>

When Duke LifePoint Healthcare purchased Conemaugh Health System in Pennsylvania, it led to the formation of the 1889 Foundation, which was named in honor of the Johnstown Flood of that year.<sup>2</sup> The foundation’s mission is to support “innovation programs and initiatives that improve and transform the overall health and wellness” of people in Cambria and Somerset counties in Pennsylvania.<sup>3</sup>

Through a generous donation to JCPH, the 1889 Foundation is building a population health research center in Johnstown that will be led by Victor M. Heiser, MD, Endowed Professor at JCPH, who will be a full-time faculty member at our college.<sup>4</sup> To our knowledge, this is the first such joint venture of a recognized leader in population health research, a for-profit community hospital, and a conversion foundation.

I have had the privilege of making several visits to the famed Everett Clinic in Washington State, and have participated in their ongoing Physician Leadership training program, serving as the plenary speaker at their annual systemwide awards dinner. I was surprised when DaVita HealthCare Partners acquired the Everett Clinic earlier this year.<sup>5</sup> According to Everett's Chief Executive Officer (CEO) Rick Cooper, DaVita emerged as the most appropriate purchaser of its multispecialty group "partly because of its status as a large, Fortune 500 company and its commitment to high-quality health care."<sup>5</sup> DaVita is providing Everett with working capital to help keep the clinic at the forefront of the movement to provide true population-based care. Everett's leadership apparently came to the realization that without such capitalization, the future was bleak. But wait, there's more.

The Delaware Valley Accountable Care Organization, which is partially owned by Jefferson University and Hospitals, selected Wellcentive as its key population health analytic tool.<sup>6</sup> Again, the recent purchase of Wellcentive by Royal Philips sent another warning shot across my bow. According to a recent report, "Royal Philips has significantly deepened its footprint in the population health management sector with the acquisition of Wellcentive, which sells analytic products that support population health management initiatives....Now, Philips picks up a suite of boots-on-the-ground healthcare analytics capabilities with Wellcentive's cloud-hosted platform to gather and analyze clinical, financial, and claims data across a hospital or enterprise, to improve care coordination and reimbursement."<sup>6</sup>

For the past 2 years, I have served on the Board of External Advisors for Valence Health, which is headquartered in Chicago. In July, Valence entered into an agreement to be purchased by Evolent Health,<sup>7</sup> which makes sense. Evolent is expanding its data analytics capability to create more robust registry functions, which will allow the company to give good feedback to individual physicians about their practice patterns in an attempt to "raise all boats" and improve efficiency. To some extent, Philips' purchase of Wellcentive and Evolent's purchase of Valence are moving the information technology industry closer to developing a toolkit to implement the national Triple Aim efforts of improving the health of the population, reducing per-capita costs, and improving the individual experience of care.

At the national level, our college has close relations with the leaders of IBM Watson and Healthways, which have been wonderful supporters of JCPH's annual Population Health Colloquium and its related work. Watson has recently purchased 3 companies—Explorys, Phytel, and Truven Health Analytics.<sup>8</sup> I predict that Watson will be a formidable player on a global scale, using the skill sets available across these 3 recently purchased companies. When IBM decides to make a move in a marketplace, everyone should pay close attention.

Similarly, Healthways has agreed to sell its Total Population Health Services to ShareCare, Inc.<sup>9</sup> Jeff Arnold, ShareCare Founder, CEO, and Chairman of its Board of Directors, said, "Our relationship with Healthways is...about forming a strategic relationship with a shared goal to provide people, whether patient, employee, or member, with the personalized resources they need to help them live their healthiest lives. The combination of Healthways' impressive roster of employer and payor contracts and proven ability to drive improved outcomes, and ShareCare's strong track record of digital innovation...gets us closer than ever...to delivering employees and payors with a truly comprehensive, fully integrated, health engagement solution."<sup>9</sup> There is admittedly some jargon here, but one continues to get the point that consolidation in this marketplace is nearly a daily occurrence.

Finally, right here in our hometown, Sage Growth Partners' founder and former CEO, Don McDaniel, and a consortium of investors, purchased Continuum Health. This, too, makes sense. Entrepreneurial leaders, such as McDaniel, recognize the opportunity to empower and enable individual doctors to participate in health reform in a very positive way. If you give physicians new tools and technology, they can thrive in a world of bundled payments and pay for performance—they simply need to be shown how to change the paradigm they have been working in for decades, not an easy task, but I am confident that Continuum Health is poised to help make this paradigm shift.

In its totality, the companies cited here comprise an impressive list. In the eye of the storm of consolidation, the winds are calm. I am calm and confident about the future. My worldview is brimming with confidence and excitement, in part thanks to these noted companies. Taken together, they will help us to write the story of how we transformed a system based on "volume" to a system focused on "value."

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