

## Health systems falling further behind the industry in size

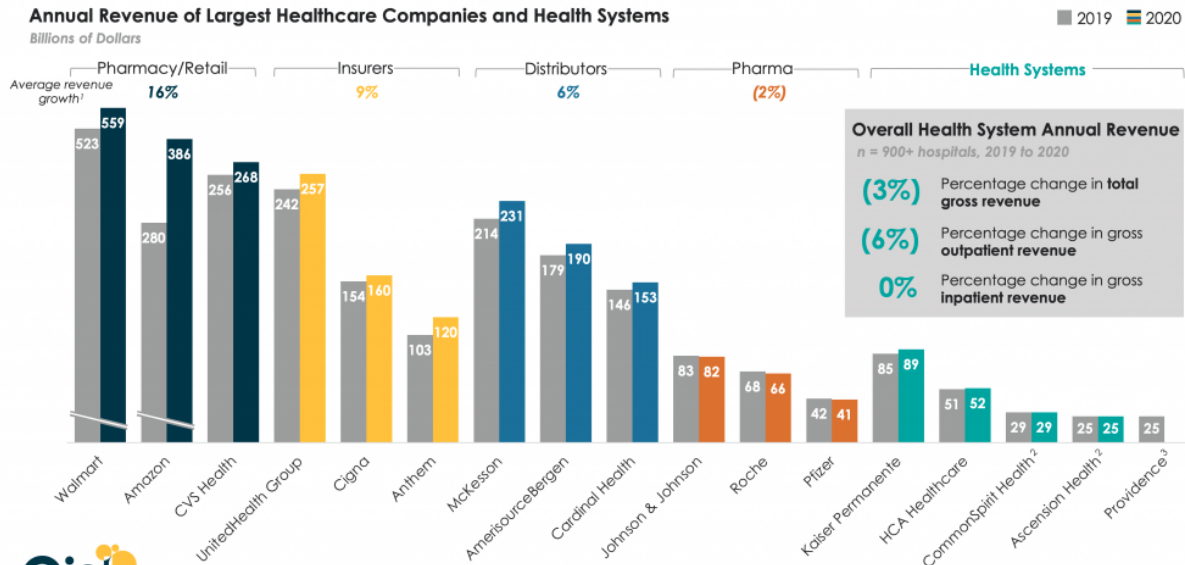
Even though signs point to a post-COVID spike in health system mergers, retailers, insurers, and other healthcare industry players already far exceed health system scale. Even the largest of the “mega health systems” pale in comparison to other healthcare companies up and down the value chain, as shown in the graphic below. And with the exception of pharma, **these other industry players have seen revenues surge during the pandemic, while health system growth has stagnated.** According to a recent [report](#) from Kaufman Hall, hospitals saw a three percent reduction in annual total gross revenue in 2020. The majority of the decrease stemmed from a six percent decline in outpatient revenue, as volumes plummeted during the pandemic. **The largest companies listed here, including Walmart, Amazon, CVS, and UnitedHealth Group, continue to double down on vertical integration strategies, configuring an array of healthcare assets into platform businesses focused on delivering value to consumers.** To remain relevant, health systems will need to increase their focus on this strategy as well, assembling the right capabilities for a marketplace driven by value, at a scale that enables rapid innovation and sustainability.

### The New Competitive Landscape for Healthcare

Health Systems Dwarfed by Other (Quickly Growing) Industry Giants

#### Annual Revenue of Largest Healthcare Companies and Health Systems

Billions of Dollars



1. Average revenue growth among top 3 companies in each segment.  
2. Fiscal year ended in June 2020.  
3. 2020 annual revenue not yet released.

Source: "National Hospital Flash Report" Kaufman Hall, January 2020. Web. Publicly-available financial statements and investor reports; Gist Healthcare analysis.