

What is an insurance company in 2022?

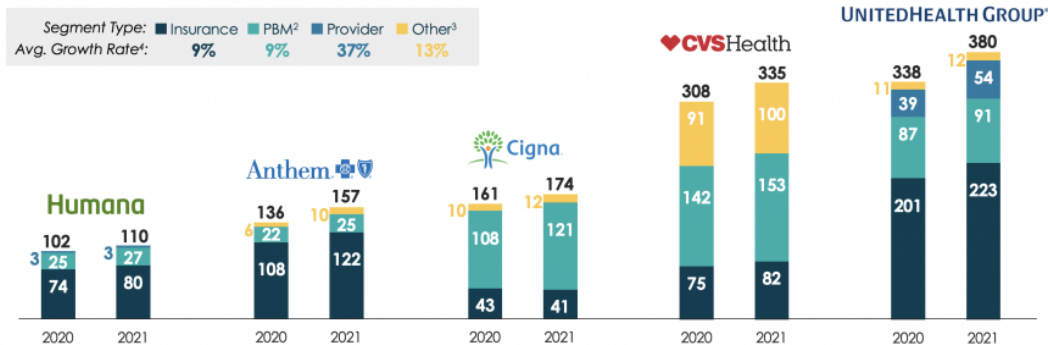
The largest health insurers are quickly becoming vertically integrated healthcare organizations that span the care and coverage continuum. While 2021 was a **mixed** year for these companies as healthcare volumes bounced back, their diversified portfolios helped cushion losses from higher claims. The graphic below analyzes revenue growth by segment for the five largest insurers across the last two years. **On average the insurance and pharmacy benefit management components of the companies grew at nine percent, while care delivery and integrated health services grew at much higher rates.** UnitedHealth Group (UHG) and Anthem boasted the highest year-over-year revenue growth, driven by UHG's Optum subsidiary and Anthem's integrated health services. Cigna and CVS Health each earned less than a quarter of their total revenue from their insurance arms last year. While Humana lags the others in topline revenue, it has assembled a robust portfolio of care delivery investments and partnerships, surpassed only by UHG. **As antitrust scrutiny on vertical integration increases (case in point: the DOJ is now **challenging** UHG's acquisition of Change Healthcare), insurers will face the hard task of integrating their portfolio of service—and demonstrating that they deliver value to consumers and patients.**

Health Insurance Giants Continuing to Diversify

Provider, Pharmacy, and Other Services Arms Growing as Fast or Faster than Insurance Segments

Year Over Year Payer Revenue Growth, by Segment¹

In Billions (\$)



Notable M&A or Investment Activity⁴



1. Intersegment revenue included.
2. Pharmacy benefit management.
3. Other category includes for Anthem: integrated health services; Cigna: fees and other revenues, net investment income; CVS: MinuteClinic and retail revenues, long-term care revenues; UnitedHealth Group: Optum Insight.
4. Across all payers listed.
5. Announced or completed in the last five years.

Source: 2021 Q4 Earnings Report, Various Payers, Jan-Feb 2022; Other publicly-available profiles and financial statements, Crunchbase, Feb 2021; Gist Healthcare analysis.