

Payers racing to expand their provider footprints

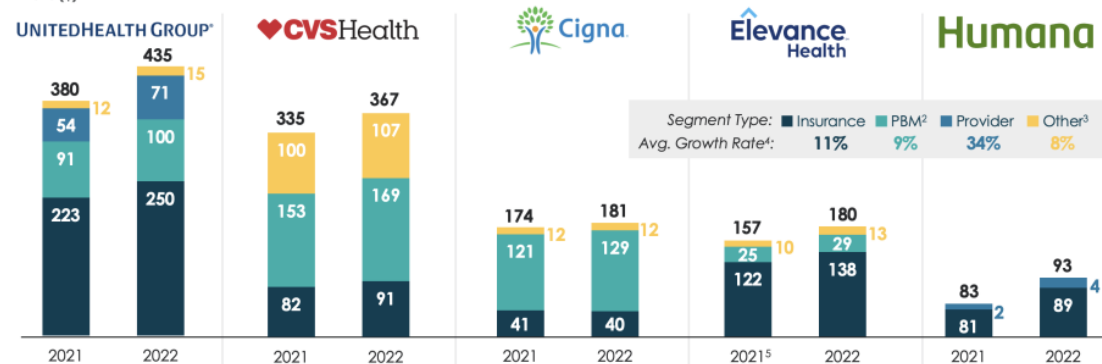
In last week's [graphic](#), we showed how the nation's largest health insurance companies earn annual revenues several times greater than the largest health systems. In the graphic below, we unpack the 2022 revenue of five of the largest payers, to show just how diversified they have become. **UnitedHealth Group (UHG) continues to lead the way not only as the largest US payer, but also the most vertically integrated, growing its OptumCare provider business by over 30 percent last year.** Playing catch-up, the other payers have also shown willingness to spend large sums on provider acquisitions, with **CVS dropping nearly \$20B on primary care company Oak Street and home health company Signify last year. UHG and Humana also recently spent over \$5B each, on their own home health companies,** in pursuit of lower cost settings for treating their Medicare Advantage enrollees. In contrast, Cigna and Elevance have not been as active in the M&A space of late, prompting Cigna investors to [question](#) the CEO on whether the company may be at a competitive disadvantage. We'd expect the race to create full-stack, vertically integrated healthcare platforms, of the kind illustrated by these large payers, to gain steam across the rest of 2023 and beyond. Looming even larger than UHG, CVS Health, and the like: Amazon and Walmart, both of which are actively pursuing their own platform visions in healthcare.

Vertically Integrated Payers See Steady Growth Across All Segments in 2022

Largest Payers Making Significant Investments in Provider Footprints

Year Over Year Payer Revenue Growth, by Segment¹

Billions (\$)



Notable recently announced or closed transactions



\$5.4B



\$7.8B



\$10.6B



\$8.0B



Undisclosed



Undisclosed Undisclosed



\$5.7B



1. Intersegment revenue included.
2. Pharmacy benefit management.
3. Other categories: UnitedHealth Group's Optum Insight; CVS's MinuteClinic, retail, and long-term care revenues; Cigna's fees, other revenues, and net investment income; Elevance's integrated health services.
4. Across all payers listed.
5. Reported as Anthem, since rebranded to Elevance Health.

Source: 2022 Q4 Earnings Report. Various Payers. Jan-Feb 2023; Publicly available press releases; Gist Healthcare analysis.