



THE QUANTUM GROUP

healthcare solutions for a new generation SM

In the News.....IT Healthcare

January 20, 2011

As healthcare technology continues to become a hot opportunity, it is clear that many tech companies, insurance companies, and other service providers will seek quick entry by making acquisitions. Major acquisitions were witnessed over the last couple of years in healthcare and we expect this trend to materially accelerate in 2011 through 2013. Companies like The Quantum Group that are among the first to secure the healthcare intellectual property space (IP) with its 19 pending patents filed, may become a high priority.

Aetna (NYSE: AET), the nation's third largest health insurer, announced it would acquire privately held Medicity for \$500 million. Medicity will operate as a wholly owned subsidiary of Aetna. This announcement is yet another example of a resurging trend in 2010 of healthcare payer investment and acquisition in technologies. Aetna and United HealthGroup's subsidiary, Ingenix, have been particularly active. Technology acquisitions or investment in technology companies by healthcare payers in the past decade has not been uncommon. HCSC, Regence, BCBS Tennessee, are among additional investors or acquirers. UnitedHealth Group has a long history of technology acquisition within their subsidiary, Ingenix. As previous blogs and Health insights reports have commented: what is new in 2010 is the extension of technology investments by healthcare payers into the provider market. With the announcements by Aetna and Ingenix, the market now arrives at a potential tipping point that can produce dramatically new business models.

These investments are clearly driven by healthcare payer attempts to reposition themselves to respond to the economic realities of healthcare reform and ARRA legislation. Reform legislation simultaneously stresses and limits the healthcare payers historical revenue model, and focuses on investments and incentives to extend information to physicians and consumers. The underlying expectation is that just in time information, linked to best practices, will finally create improved health, clinical and financial outcomes the industry has long sought. Medical home, accountable care organization and the emerging global and quality-based payment programs all seek to shift the US healthcare system from a "pay for transaction" to a "pay for outcomes" environment

Source: IDC Health Insights