

# Three Health Care Investment Trends That We Are Currently Following

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The COVID-19 pandemic has had well-documented transformative effects on the delivery of health care. Investors, providers, payors and other stakeholders have often been at the forefront of the industry shifts in the trailing twelve-month period. We have set forth below three investment trends that may be particularly compelling.

## 1. **Telehealth: The New Era**

It is no secret that this last year accelerated the growth of telehealth. Specifically, [telehealth accounted for over 30% of total outpatient visits during the pandemic](#). Of course, providers benefited from favorable changes in reimbursement rules from both governmental and commercial payors, and such changes may not be permanent. However, even if the moment is fleeting, the rapid expansion of telehealth services will likely have a lasting impact on the delivery of health care. Accordingly, investment activity involving telehealth has been tremendous. Early pioneer [Teladoc has closed at least 12 acquisitions in the last few years, including the acquisition of Livongo](#). [Amwell effectuated an IPO](#). Finally, several consumer-fueled platforms, including [GoodRx and Hims, have also gone public](#), the latter of which by way of a SPAC. And while the first wave of telehealth providers have been particularly active, we are also following the new era providers focusing on specialty and acute care.

## 2. **Diagnostics**

The diagnostics industry has benefited from certain tailwinds, including a shift toward preventative medicine as well as the pandemic. Over a decade ago, private equity played a prominent role in aggregating traditional laboratories. Today, the traditional laboratory providers are coming off of a 2020 year with tremendous financial results. And the pandemic has played a critical role with respect to innovative providers. Consider Everlywell, the cash-pay telehealth laboratory that processes mailed samples using CLIA-certified laboratories. [Everlywell is reported to be valued at \\$2.9 billion after its acquisition of PWNHealth](#), a provider network. Imaging, wearables, AI and other diagnostic fields are also seeing a renewed focus.

### 3. Primary Care

At a time when digital health is seeing massive adoption and transaction uptick, we are left to consider the impact on physician practices. Shifts in preventative medicine, value-based care, consumerism and transparency have had profound impacts on the delivery of health care. We have seen the provider arms of payors to be particularly acquisitive with respect to multi-specialty and primary care focused groups. For example, [UnitedHealth subsidiary, Optum, signed an agreement to acquire Massachusetts-based Atrius Health](#), a 715-physician group. Optum is betting that it can efficiently manage population health, and that patients will be drawn to this model. Similarly, Oak Street Health, a technology-enabled primary care group is challenging the traditional delivery model. And public investors appear to have confidence in [Oak Street's model as the Company's shares soared over 90% in its initial public offering](#). There are numerous other examples of transactions, offerings and solutions all geared towards "fixing" health care, and we think primary care will play an important role with respect to that goal.

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