

# DATA ON THE EDGE

## ENTERPRISE PLANNING: ASSESS DISRUPTER IMPACT

Health care disrupters and disrupter-aligned providers (eg, payer, retail, tech, digital, venture capital and private equity organizations) continue to shape the health care landscape, offering consumers alternatives to traditional care and clinicians new options for employment. These game changers gained competitive strength post-pandemic that persists, and they increasingly boast an extensive footprint of vertically integrated medical groups and advanced care models across all major service lines. Disrupters successfully fill gaps left by traditional health systems, such as long wait times for primary and specialty care, which subsequently threatens health systems' market and financial positions.

Assessing disrupters' activities at the local level is a nonnegotiable part of an enterprise's strategic and growth planning process. In fact, developing strategic partnerships with disrupters to offer competitive care models and enhance payer mix in the short term, while remaining differentiated in the long term, may be necessary for future sustainability.

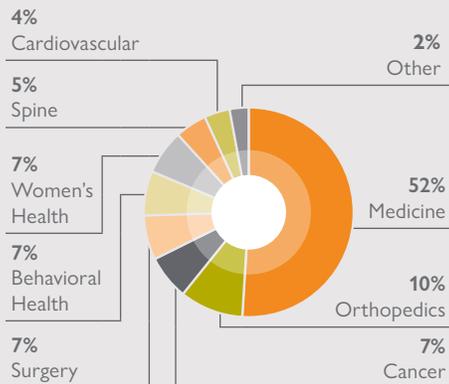
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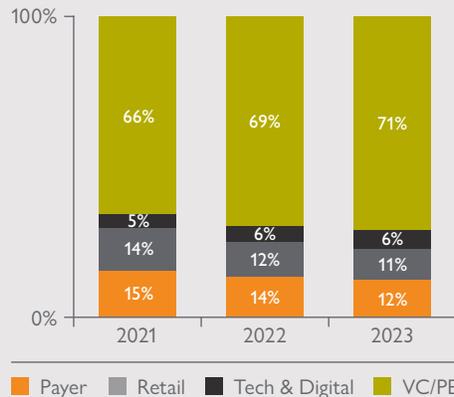
### Who Is Redesigning Care in Your Market?

Disrupters represent **3%** share of all claims volumes in 2023.

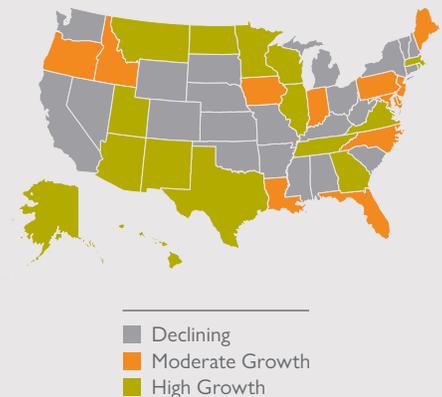
#### Disrupter Volume Distribution by Service Line, 2023



#### Portion of Care by Disrupter Segment, 2021–2023



#### Disrupter Volume % Change by State 2021–2023



**Note:** Percentages may not add to 100% due to rounding. Data exclude durable medical equipment, labs, ungroupable and no procedure. Examples by category: Tech & Digital—Amazon, Teladoc, Amwell; Payer—Optum, Humana; Retail—CVS, Walgreens. Declining = negative % change; moderate growth = single-digit % change; high growth = double-digit % change. PE = private equity; VC = venture capital. **Sources:** Proprietary Sg2 All-Payer Claims Data Set; IQVIA; Claims from Q1 2021 to Q4 2023; Sg2 Disrupter Tracking List v3; Sg2 Analysis, 2024.

Disrupters continue to:

- **Expand into service lines.** While disrupters represented a “mere” 3% share of all claims volumes in 2023, the proportion of venture capital/private equity–backed businesses steadily increased. Amid the increase in cost of capital and rising labor costs across the country, private equity firms have expanded beyond gastroenterology (GI) and orthopedics specialties to focus on outpatient cardiovascular procedures and women’s health services.
- **Strategically control entry channels.** Both payers and venture capital/private equity–backed groups have recently shifted their focus to primary care models that take risk with the aging population and growth in Medicare Advantage. Another post-pandemic paradigm has been investment in care-at-home models. Not surprisingly, over 50% of disrupters’ volumes are for primary care and medicine specialties, which impact and disrupt downstream volumes.
- **Influence local trends.** Growth rates in disrupter activity vary across states, with some states experiencing double-digit growth between 2021 and 2023 while others experienced declining rates of activity. Regardless of location, the local story matters.
- **Focus on growing markets.** Some disrupters, such as payers, expanded heavily in 2020 and 2021 and then drew back strategically. Most large payers—such as UnitedHealth Group and Humana—furthered their footprints in 2022 and 2023 in growing markets by scaling their care models, after many years of building out medical groups and refining their care delivery focus. For example, Optum created a partnership with The Polyclinic and Virginia Mason in 2023 and recently conducted workforce reductions in markets such as Seattle and Morgantown, WV.

## A Disrupter’s Tale of Two Markets

To truly create a strategic response to the disruptive forces, an understanding of the nuances at the market level is required. Dynamics in Texas and North Carolina illustrate the differences between a mature growth market (Texas) and a post-pandemic, high population growth market (North Carolina).

### Disrupter Dynamics Highlight Local Differences

 **TEXAS** Market Type: Mature Market

#### Top CBSAs by Disrupter Market Share

Austin-Round Rock **11%** | Longview **7%** | Dallas-Fort Worth-Arlington **6%**

#### Top Disrupters

US Oncology | agilon | Optum | VillageMD

#### Top Service Lines by Volume

 General Medicine  Cancer  Behavioral Health

 **NORTH CAROLINA** Market Type: Emerging Market

#### Top CBSAs by Disrupter Market Share

Wilmington **7%** | Sanford **6%** | Pinehurst-Southern Pines **6%**

#### Top Disrupters

agilon | CVS | CORA Physical Therapy | Gastro Health

#### Top Service Lines by Volume

 General Medicine  Pulmonology  Orthopedics

**Note:** Data exclude durable medical equipment, labs, ungroupable and no procedure. CBSA = core-based statistical area. **Sources:** Proprietary Sg2 All-Payer Claims Data Set; IQVIA; Claims from 2019 to Q4 2023; Sg2 Disrupter Tracking List v3; Sg2 Analysis, 2024.

### Texas

A hotbed of technology companies, the Austin-Round Rock CBSA has the state’s top health care disrupter share at 11%. A high-volume disrupter, agilon—a PE-backed, value-based care technology platform with expertise in areas like analytics, payer contracting and care managing—is driving disrupters’ focus on primary care and general medicine. This disruption is bolstered by Optum’s investments in multispecialty medical groups in markets across the state. Cancer ranks as the second top specialty with disrupter activity in Texas due to the strong presence of US Oncology, a medical group rollup previously owned by PE and now owned by McKesson.

### North Carolina

After a post-pandemic population boom, North Carolina attracted substantial disrupter investment, including from agilon—a high-growth disrupter in 2023. With this growth and an increased focus on value-based care (VBC), health systems can expect tightly integrated services and ambulatory management of patients to avoid unnecessary acute care utilization.

The landscape will evolve as disrupters continue to gain traction and the realignment process unfolds between nonaffiliated physicians and their disrupter partners—whether a VBC company, a digital health company or another PE-backed player.

## Health System Access Challenges Create Opportunities for Disrupters

Competition with disrupters will continue to heighten. Defending access channels is a no-regret move for health systems, especially with medicine and medicine specialties representing over 50% of all disrupter activities. According to CPSC data, medicine specialties have new patient appointment wait times of two weeks to almost two months, with only 20% to 40% of medicine specialties seeing new patients within 10 days. These medical specialties are forecasted to have double-digit growth between 2024 and 2034. From diagnostics to disease management solutions, the growing demand for prompt evaluations of underlying conditions presents opportunities for disrupters to meet consumer needs. Health systems should expect competition from technology advancements as well as alternative health care delivery solutions.

### Medicine Subspecialty Growth Expected; Access Issues Prevail

#### Disrupter Share by Medicine Specialty

Select Medicine Subspecialty	Proportion of Total Disrupter Medicine Claims Volume, 2023	2024–2034 OP Volume % Change
General Medicine	65%	10%
Endocrinology	9%	27%
Gastroenterology/Hepatology	5%	22%

#### Medicine Specialty Wait Time for New Patients, 2023

Select Medicine Subspecialty	New Patient Visit Median Wait Time (Days)	% of New Patients Seen Within 10 Days
Primary Care	15	42%
Endocrinology	49	22%
Gastroenterology/Hepatology	33	27%

**Note:** Analysis includes all age groups. Percentages are rounded to the nearest whole number. **Disrupter Share:** Data exclude durable medical equipment, labs, ungroupable and no procedure. **Sources:** **Disrupter Share:** Proprietary Sg2 All-Payer Claims Data Set; IQVIA; Claims from 2023; Sg2 Disrupter Tracking List v3; Impact of Change®, 2024; Proprietary Sg2 All-Payer Claims Data Set, 2022; The following 2022 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2024; Sg2 Analysis, 2024. **Wait Time:** Data from AAMC-Vizient Clinical Practice Solutions Center® used with permission of Vizient Inc. All rights reserved. 2024.

## Disrupters Engage Patients Upstream, Impacting Choice of Complex and Specialty Care

Disrupters are winning over consumers with better access, convenience and alternative care delivery model options. From integration of data from wearable devices to easy scheduling for virtual visits, disrupters are enabling consumers to navigate their own care more proactively. Together, the various disrupter segments offer a litany of options across the care journey before consumers even begin to consider the core services traditional health systems offer. Measuring success goes beyond the usual metrics of market share and procedure growth.

### Disrupters as Competitors and Substitutes for Health System Services

% Disrupter Market Share by Site of Care for GI Services and Select Procedures

 Hospital-Based Services	 Ambulatory Services	 Specialty, Primary Care and Ancillaries	 Home-Based Services
<b>SITE OF CARE</b>			
<ul style="list-style-type: none"> <li>Hospital OP: <b>1%</b></li> </ul>	<ul style="list-style-type: none"> <li>ASC: <b>11%</b></li> <li>Office: <b>7%</b></li> </ul>	<ul style="list-style-type: none"> <li>Urgent Care (GI): <b>7%</b></li> <li>Clinic: <b>3%</b></li> <li>Retail Care (PC): <b>42%</b></li> </ul>	<ul style="list-style-type: none"> <li>Home (GI): <b>7%</b></li> <li>Virtual (GI): <b>8%</b></li> </ul>
<b>TYPE OF CARE</b>			
<ul style="list-style-type: none"> <li>Major Procedures: <b>1%</b></li> </ul>	<ul style="list-style-type: none"> <li>Minor Procedures: <b>12%</b></li> <li>Endoscopy: <b>9%</b></li> </ul>	<ul style="list-style-type: none"> <li>Screening and Follow-ups (PC): <b>5%</b></li> <li>E&amp;M (GI): <b>8%</b></li> </ul>	<ul style="list-style-type: none"> <li>Home: Medications (GI): <b>11%</b></li> <li>Home: Diagnostics (PC): <b>50%</b></li> <li>Virtual: E&amp;M (GI): <b>8%</b></li> <li>Virtual: E&amp;M (PC): <b>7%</b></li> </ul>
<b>DISRUPTER</b>			
<ul style="list-style-type: none"> <li>No disrupter organization has more than 0.2% market share</li> </ul>	<ul style="list-style-type: none"> <li>GI Alliance</li> <li>Gastro Health</li> <li>PE GI Solutions</li> <li>Optum</li> </ul>	<ul style="list-style-type: none"> <li>Primary Care: Optum, CVS, FastMed, Walgreens</li> <li>GI: Optum, FastMed, NextCare, CVS</li> </ul>	<ul style="list-style-type: none"> <li>Home: PromptCare, Optum, Nutrishare, InfuCare Rx, Home IV Specialists (GI)</li> <li>Virtual: GI Alliance, Gastro Health, Optum, Allied Digestive Health (GI)</li> </ul>

**Note:** All data exclude durable medical equipment, labs, ungroupable and no procedure. All age groups included. Retail includes hospital/health system–owned and disrupter–owned retail services. Type of care includes all sites of care. ASC = ambulatory surgery center; E&M = evaluation and management; PC = primary care services. **Sources:** Proprietary Sg2 All-Payer Claims Data Set; IQVIA; Claims from 2023; Sg2 Disrupter Tracking List v3; Sg2 Analysis, 2024.

The gastroenterology or digestive health space has long been an area of interest for private equity. Not only focused on procedures, both private equity and telehealth firms have been focusing upstream to capture consumers at earlier points in their care journey. While disrupter penetration in major GI procedures is limited, it is important to note health systems compete with disrupters throughout the patient journey. Additionally, disrupters continue to focus on advancing telehealth options that, in conjunction with increasing popularity and access to weight loss medications, could continue to degrade the funnel toward GI procedures over time. The long-term risk is fragmentation of a patient’s loyalty to their local health care organization.

## Why It Matters

Disrupters pose both a real threat to the current delivery system of health care and a meaningful opportunity to forge partnerships and spur innovation. They are changing the way employers and payers consider health care costs and value while also changing the way consumers select where and how they receive health care services. Disrupters also pose a risk in further fragmenting the care delivery experience (eg, access to pharmaceutical management for men's health, contraception and anxiety conditions). To remain competitive and make the most of the current turning point, systems must advance in virtually all aspects of their enterprise business: channel strategy, payer contracting, physician alignment and workforce recruitment.

- **Understand your market.** What do the consumers in your market want, and what is their willingness to pay? Why and in what ways are they and employers willing to partner with you? Care delivery models are being disrupted with or without physical facilities or noticeable signs. Alternative solutions driven by disrupters will continue to change referral patterns as well as how care is delivered and integrated in your market.
- **Investigate disrupter activities as part of a continuous environmental assessment.** Such activities should be tracked at the state and market levels and should go beyond those of brick-and-mortar organizations, as it can be digital companies, private equity-backed ventures and national players that get the attention of your patients via marketing and advertising.
- **Evaluate disrupter partnership opportunity as part of corporate strategy development and to build financial success.** Strategy development priorities such as new market expansions, consumer-friendly offerings, service and business portfolio diversification, and care redesign should include disrupter evaluations as part of the build, buy, partner or defer decision-making process. The right partnership can expedite speed to market for new care delivery solutions and improve patient experience and loyalty, without deploying significant capital from M&As or building your own program.
- **Assess the impact of disrupters on health care workforce availability in your market.** While disrupters create alternative solutions and outlets for workforce challenges, disrupter employment can increase the war for talent.

Sources: Virginia Mason Franciscan Health. VMFH and Optum Washington launch strategic alignment [press release]. July 10, 2023; Emerson J. More layoffs at Optum. *Becker's Health IT*. July 24, 2024; Sg2 Executive Briefing: *Health Care's Game Changers Press Their Advantage*. 2023; You Asked: *Disrupter Strategic Playbook—Optum*. 2023; Proprietary Sg2 All-Payer Claims Data Set; IQVIA; Claims from 2019 to Q4 2023 and from Q1 2021 to Q4 2023; Sg2 Disrupter Tracking List v3; Sg2 Analysis, 2024.

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# POWERED BY VIZIENT DATA AND DIGITAL ANALYTICS

This report's analysis leverages the following proprietary data and analytics assets.

The **Sg2 Claims Data Warehouse** is a best-in-class integration of payer-sourced longitudinal claims and provider-sourced clearinghouse data, providing maximum available all-payer activity in every market. Capturing health care utilization for 215+ million unique patients annually, it represents >70% of the total insured population in the United States. Data enrichments informed by Vizient data scientists, clinical experts and thought leaders are integrated within the data, preserving data integrity while contextualizing it to create powerful analytical solutions.

The **Sg2 Disrupter Tracker** uses the Sg2 Claims Data Warehouse to track over 250 unique disrupter organizations, including technology and digital companies like Amazon and Teladoc, payers such as Optum, retail chains, and private equity.

The **AAMC-Vizient Clinical Practice Solutions Center (CPSC)**, developed by the Association of American Medical Colleges (AAMC) and Vizient, resulted from member input regarding the burdensome nature of duplicative data collection and survey activities related to provider practice patterns and performance. Designed to meet critical gaps in data management needs and provide insightful analytics, the CPSC provides physicians and medical groups with the clarity to inform and improve areas such as physician productivity, coding and compliance, charge capture, collections, denials, contract rate management, patient access, and quality of care specific to physician billing activity.

**Sg2's Impact of Change**<sup>®</sup> model forecasts demand for health care services over the next decade, examining the cumulative effects and interdependencies of key impact factors driving change in utilization. Using both disease-based and DRG-based analyses, the forecast provides a comprehensive picture of how patients will access inpatient and outpatient services along the continuum of care.

**Sg2 Intelligence** is a diverse team of subject matter experts and thought leaders who represent specialties ranging from clinical service lines to enterprise strategy. The team develops strategy-specific content in the form of editorial reports, including the Data on the Edge series, and perspective-based analytics, such as the Impact of Change<sup>®</sup> forecast.

The Vizient Data on the Edge series team includes Brianna Motley; Catherine Maji; Eric Lam; Alyssa Harris; Madeleine McDowell, MD, FAAP; Jen Goff; Kerstin Liebner; and Sg2 Creative Services.