



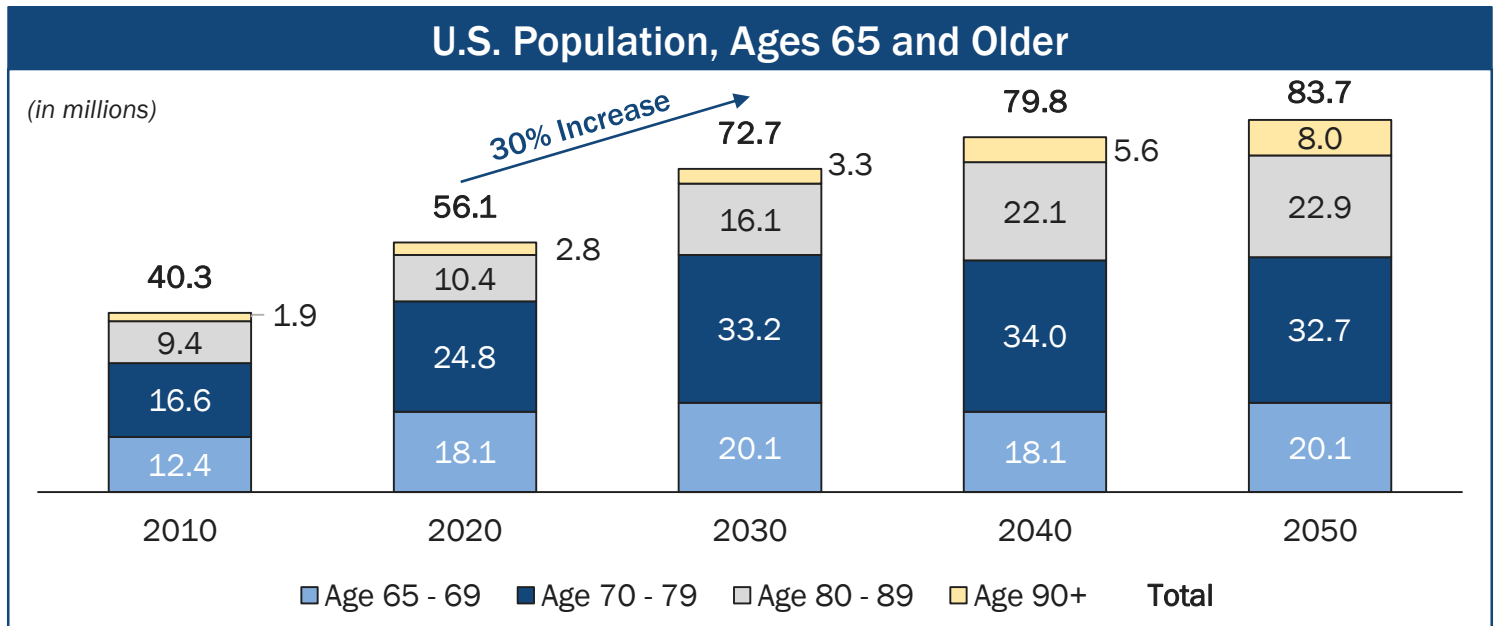
Post-Acute Care Industry Outlook

The Post-Acute Care (“PAC”) market will undergo significant transformation over the next five years and beyond as various demographic and industry trends develop. Some sectors of the PAC market have already seen significant investment activity (e.g. home health, hospice), but other relatively untapped sectors stand to benefit from the overall market trends and could represent attractive investment opportunities.

AVONDALE PARTNERS

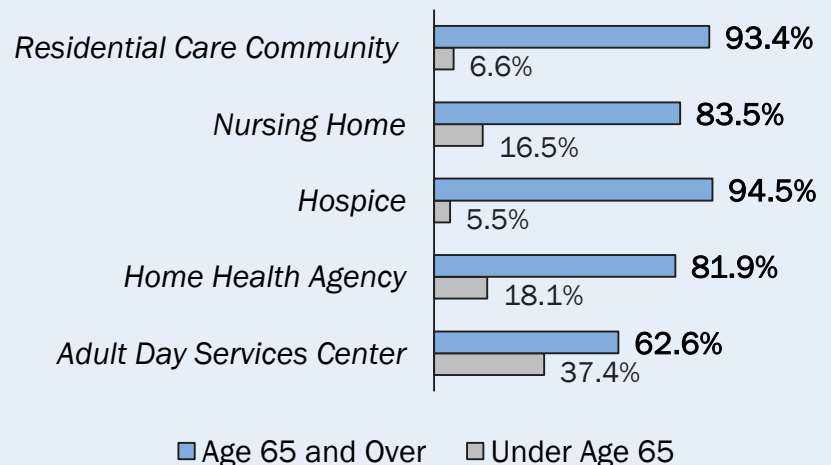
Key Demographic Trends

In 2018, approximately 16% of the U.S. population was 65 or older. This group is projected to increase by 30% to more than 70 million people by 2030, representing 20% of the U.S. population



The increase in the number of older Americans will have a dramatic impact on the amount of long-term care needed. The vast majority of post-acute, long-term care services are provided to the 65-and-older age group

Who Receives Long-Term Care?



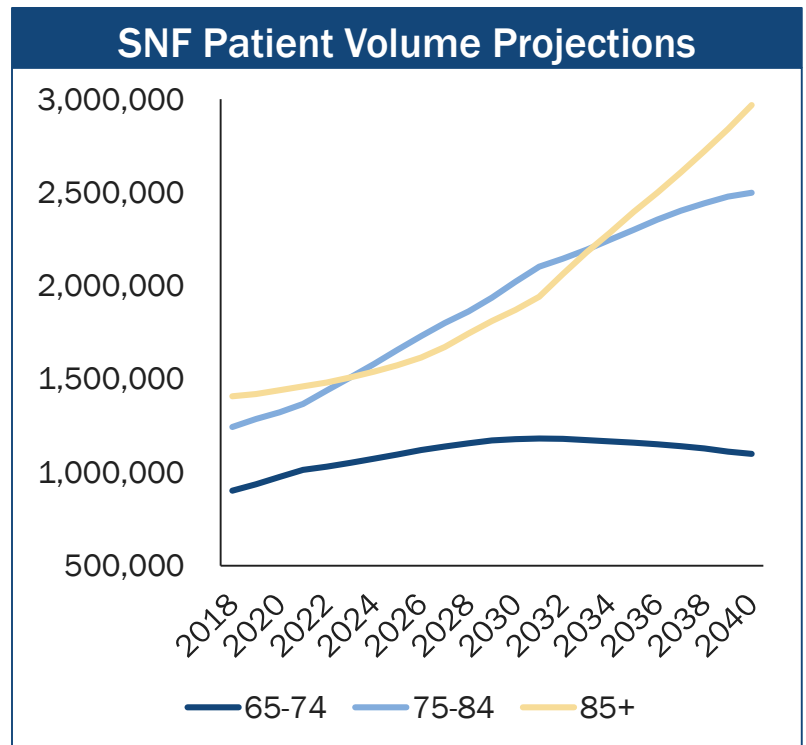
~43%

Lifetime healthcare costs incurred after age 65 by the average American

“Boomers vs. Beds”

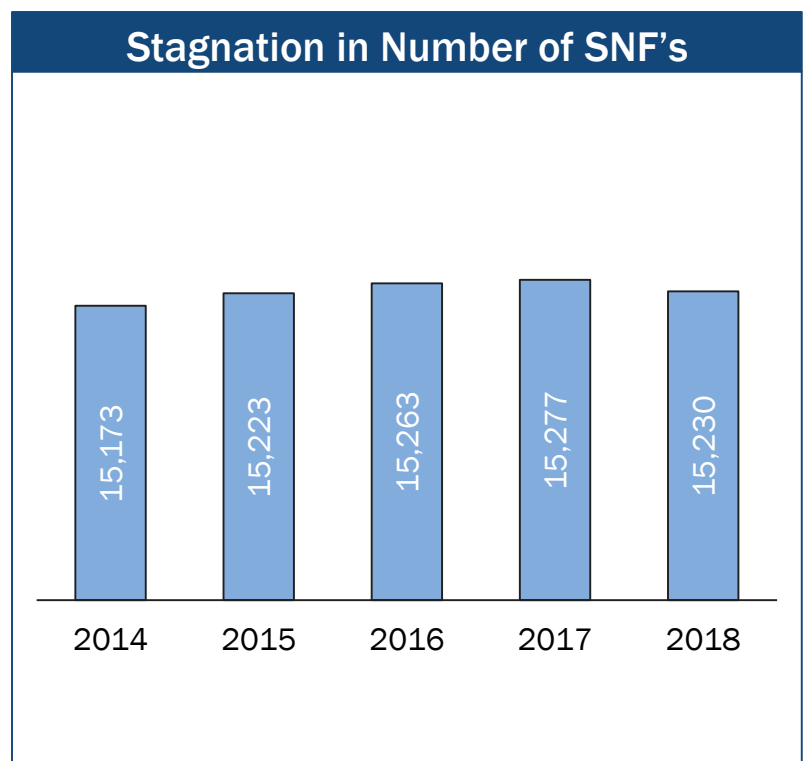
By 2040, the aging Baby Boomer generation is projected to fuel an increase of more than 32% in Skilled Nursing Facility (“SNF”) patient volume

- Most of this growth will be realized in the 75+ segment of the population



Despite these trends, the number of Post-Acute Care providers has remained stagnant over the past five years

- The average number of beds per facility certified for Medicare/Medicaid residents has remained flat
- SNF’s, home health agencies, inpatient rehab facilities and long-term care hospitals have all experienced declines in the number of providers

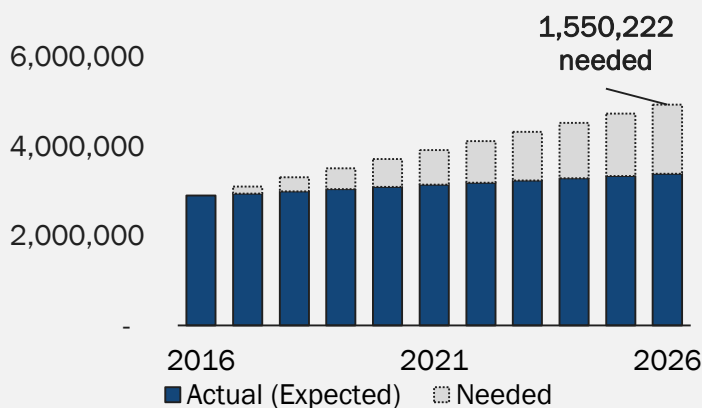


Post-Acute Staffing Shortage

Nurses

An aging population, along with a lack of nursing school enrollment and faculty members, will create a massive shortage of nurses in the next 10 years

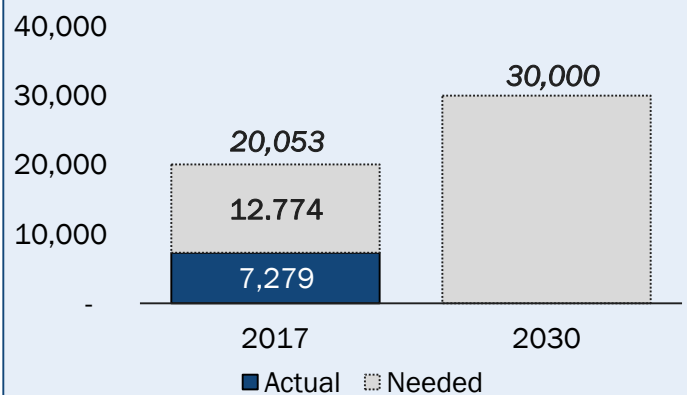
Insufficient Growth in Number of Nurses



Geriatricians

By 2030, 30,000 geriatricians will be needed to care for the aging population. The U.S. needs to train 1,500 geriatricians per year to catch up to demand

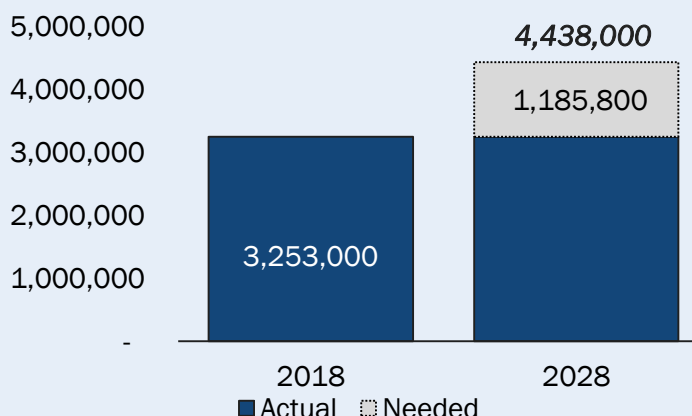
Demand for Geriatricians Already Outpaces Supply



Unskilled Aides

The demand for home-health and personal care aides is projected to grow 36% over the next 10 years

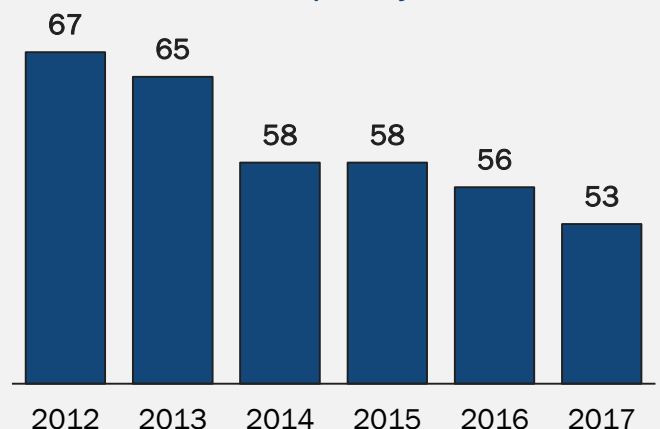
Shortage of Home-Health and Personal Care Aides



Behavioral Health Psychiatrists

20% of adults aged 60 and over suffer from mental or neurological conditions

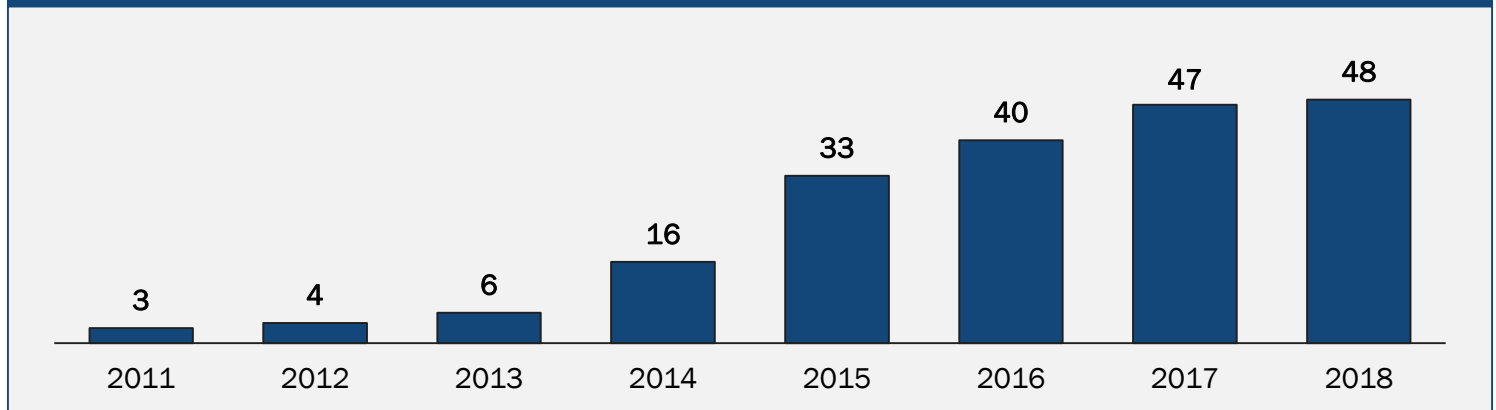
Falling Number of Psychiatry Trainees in Geriatric Subspecialty



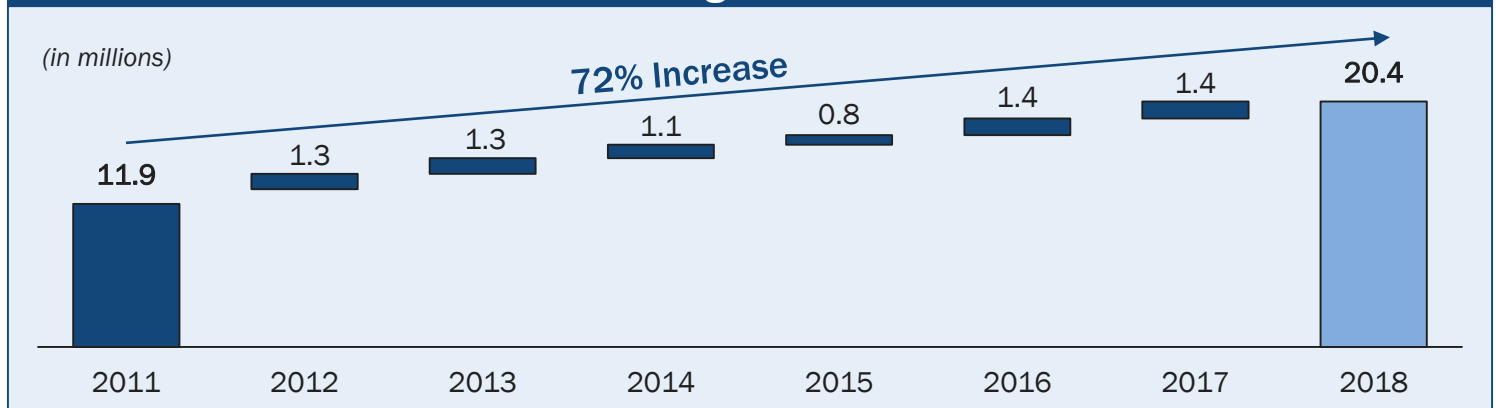
Shift in Reimbursement Landscape

Changing payment structures: the transition to value-based care models is underway and big changes are already being seen, specifically in post-acute care. More changes are to be expected

Number of States with Value Based Care Reform Initiatives



Medicare Advantage Enrollment Increase



Change in Payment Models

Effective Date		
Home Health Care	January 1 st , 2020	Patient-Driven Groupings Model (PDGM)
Skilled Nursing Facilities	October 1 st , 2019	Patient-Driven Payment Model (PDPM)
Medicare Initiative	October 1 st , 2018	Bundled Payments for Care Improvement (BPCI)

Telehealth

Post-acute providers are also reducing unnecessary hospital and doctor visits by utilizing telehealth for either pre- or post-treatment services

- Studies show that 60 - 70% of all nursing home transfers to hospitals are unnecessary
- In 2016, U.S. healthcare providers saved almost \$2,750 per patient when utilizing telehealth in place of in-person treatment for post-discharge physical therapy

34.7%

Annual growth in Revenue from 2014 to 2019 in the Telehealth Services industry

\$2.4B

2019 Revenue in the Telehealth Services industry. Projected to grow at an annualized rate of **9.2%** to \$3.7 billion in 2024

83%

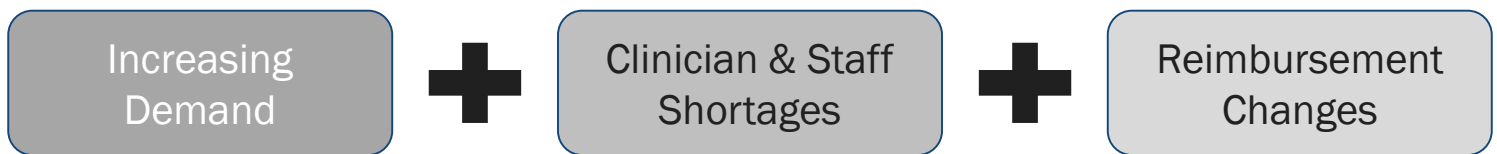
Of industry executives in both acute and post-acute sectors indicated they were likely to invest in Telehealth

Medicare and Medicaid reimbursement for Telehealth services varies state by state and is currently still relatively limited:

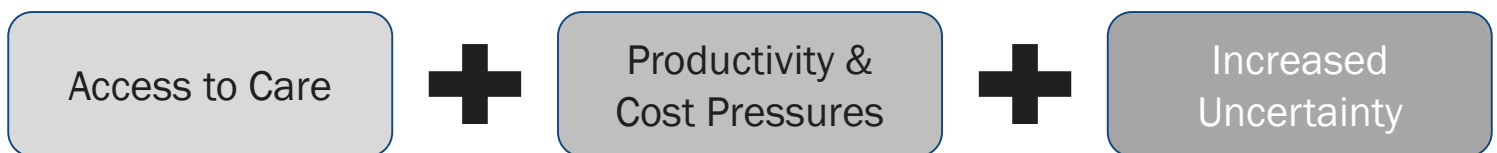
Telehealth Service	Description	Medicare Coverage	Medicaid Coverage
Live Video	Two-way interaction between a person (patient, caregiver, or provider) and a provider using audiovisual telecommunications technology	Only for specific services	Varies by state
Store-and-Forward	Collecting clinical information and sending it electronically to another site for evaluation (Ex: medical documents, demographic data)	Prohibited, except for CMS demonstration programs in Alaska and Hawaii	Varies by state
Remote Patient Monitoring	Use mobile medical device to collect medical and other forms of health data from individuals in one location and electronically transmit that information securely to health care providers.	Reimburses for certain kinds of services that are furnished remotely using communications technology but are not considered Medicare "telehealth services."	Varies by state

Impacts of Industry Trends & Issues

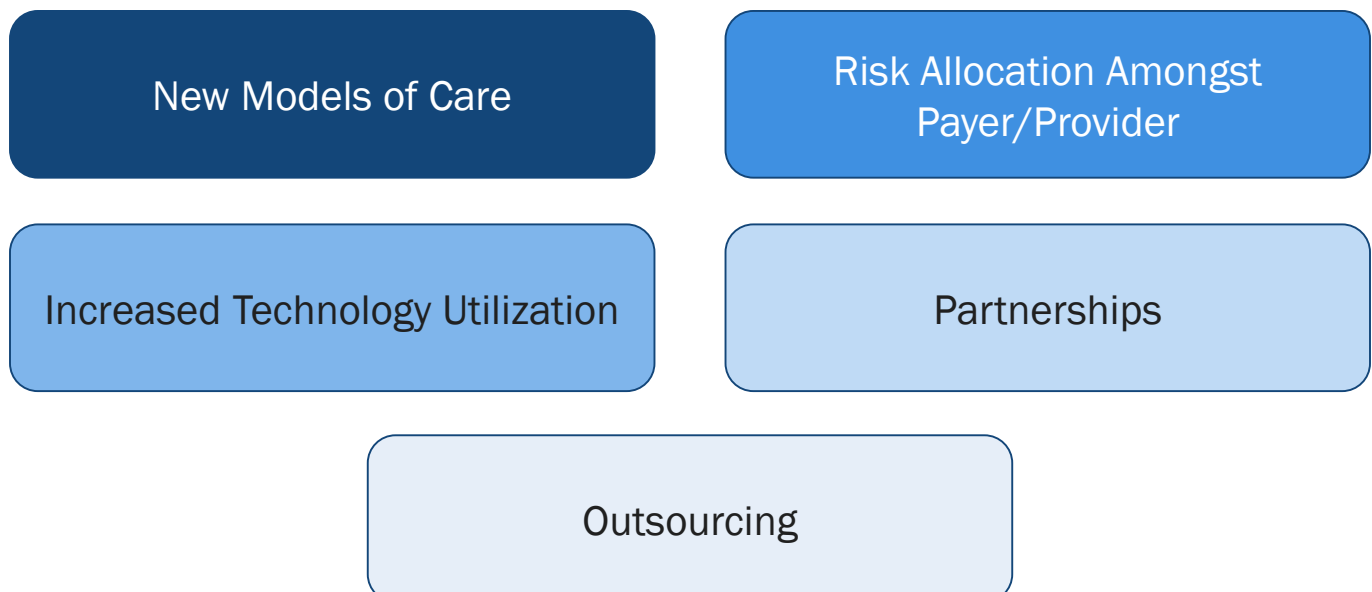
Trends



Issues



Impacts



New Models of Care

Possible Developments

Example Companies

Multi-Sector Providers



Care Coordination Companies



Telehealth



Wellness



Retail Care Expansion



Risk Allocation Amongst Payer/Provider

Possible Developments

Example Companies

Payer/Provider Convergence



Increased Technology Utilization

Possible Developments

Example Companies

Outcomes Measurement & Analytics



PointRight[®]

Patient Engagement

RELATIENT[™]
Patient-Centered Engagement



Risk & Value Based Payment Technology



Mede/Analytics[®]



Remote Patient Monitoring



resideo
life care solutions

Partnerships and Outsourcing

Possible Developments

Example Companies

Industry Partnerships



Staffing Companies



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