



Surgical athletes performing on the field of medicine...

UHC & SCA: A Super Surgical Tandem

United Healthcare's acquisition of Surgical Care Affiliates is re-writing the healthcare industry's playbook...

United Healthcare's business model has been changing and expanding. It reaches into several sectors beyond being a leading provider of healthcare insurance / managed care plans. With its acquisitions in and outside the managed care plan market sector, it widens revenue streams and becomes a diversified competitor not only in healthcare insurance but in provider sectors as well. The Surgical Care Affiliates (SCA) acquisition adds considerable dimension and income to the United Healthcare business model.

Base facts of the SCA acquisition

United Healthcare, with its OptumCare business unit, announced it was acquiring Surgical Care Affiliates (SCA) for \$2.3 billion in January, 2017.

UnitedHealth Group (NYSE: UNH) paid \$57 per share for Surgical Care Affiliates (NASDAQ: SCAI) outstanding common stock.

Based in Deerfield, Illinois, SCA operates 203 surgical centers located in over 30 states; their facilities perform about 1 million surgical procedures annually.

UHC expansion and diversification details

United Healthcare has been steadily widening and deepening its business model for years; notable additions include:

- MedExpress, an urgent care center provider with locations in 14 states, was acquired by UnitedHealthcare in 2015 for \$1.5 billion dollars
- In 2015, they acquired AxelaCare, a home infusion provider which operates in 44 states through 34 pharmacies
- UHC acquired Catamaran, one of the largest PBMs in the United States, for \$12.8 billion in 2015 to bulk up their internal PBM unit OptumRx; OptumRx now serves over 67 million consumers, processes more than 1 billion claims and manages about \$80 billion in pharmacy spend
- In 2016 it acquired Rocky Mountain Health Plans (not to be confused with Intermountain Healthcare); RMHP's business is in western Colorado, comprised of about 300,000 lives and also features Medicaid
- In 2017, UHC is launching a nationally branded accountable care organization as part of a value-based care push designed to attract self-funded employers; called "NexusACO", it has a national network of UnitedHealth's "Tier 1" doctors already meeting the insurer's quality and efficiency measures in place to care for patients

.....For more insights about UHC's changing business model and Surgery Center market sector visit:

[United Healthcare and U.S. Healthcare Business Models: A Tradition Of Change](#)

[HMPD: Surgery Centers](#)

Benefits and competitive advantages of UHC's acquisition of SCA:

As consumers, employers, employee benefit consultants, government agencies and other stakeholders pressure UHC to reduce premium increases, UHC can leverage its total business model as a plan AND provider.

It can lower out-of-pockets costs for members having procedures performed via SCA units rather than outside providers.

They can negotiate with employers and other organizations by promoting the advantages their broad array of services can offer in select markets versus "plan only" competitors.

In areas where SCA facilities are located, it can leverage them against hospitals and other surgical centers located in the surrounding area.

UHC will be able to collect revenue from other plans (competitors) if their members have procedures performed at SCA facilities.

By operating its own surgical centers, UHC will gain more direct administrative and clinical understanding of surgical center business aspects to better manage costs of their own facilities and influence other surgical center providers.

It can work with clinicians to establish better protocols to reach improved outcomes and incentivize them to provide better care at lower cost.

Two of UHC's largest competitors, Aetna and Anthem, are tied up in the courts with acquisition deals facing antitrust issues (Aetna is seeking to buy Humana and Anthem is seeking to buy Cigna); UHC has been able to continue moving forward with its growth.

As healthcare systems expand their business models by developing their own types of health plans, UHC keeps its business model competitive by developing provider capabilities.

As it grows SCA and its overall provider capabilities, it can leverage its buying power for better pricing from healthcare product manufacturers like pharmaceuticals and medical devices.

The UHC / Optum acquisition of SCA is a significant development; it defines a commitment by UHC to become a provider of advanced patient care...

Moving Forward:

UHC likely has other acquisition targets and designated new healthcare sectors to expand into. There will be actions taken by their competitors -both insurance plans and provider organizations- to account for UHC's maneuvers which serve as a catalysts for more business model changes across industry sectors. Despite the delays Aetna and Anthem are experiencing, it is likely they are evaluating their long term business plans -not to mention that other entities like BCBS plans and healthcare systems are probably doing the same. For now, UHC has to contend with assimilating its acquisitions, learning their unique businesses and become proficient at managing them to the point where they can collectively optimize and competitively deploy them. Based on UHC's evolving business model over the last several years, the rules of engagement across the leagues of plans and providers will continue to change.

About the author

Thank you for reading this article. I am a healthcare marketer seeking a new opportunity. My background is brand marketing; products (pharmaceuticals, medical devices, disposables), services (clinical programs, market access, Rx benefits), managed care marketing and digital marketing. Scroll down to connect via LinkedIn and Twitter; these are links to healthcare digital marketing and managed care marketing resources I have produced:

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[Digital Consumer's Health Insurance Buyer's Journey](#)

[Pinterest And Healthcare Marketing](#)

[Ten Healthcare Digital Marketing Actions To Improve ROI](#)

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