



Perspectives on Emerging Trends in Post-Acute Software

H1 2024

Assessing Opportunities in Post-Acute Software

Meaningful secular tailwinds and a historically lower level of technology investment make software solutions within post-acute care attractive investment opportunities.

Post-Acute Care Industry Themes

Market Tailwinds

- › There are currently ~45M Americans ages 65+, and by 2060, this number is expected to grow to ~95M, representing a growth rate that materially outpaces that of the general population
- › As the U.S. healthcare system continues to evolve toward value-based care, payers, health systems, providers, and patients are increasingly recognizing the need to embrace innovative services and technologies that drive down overall healthcare costs, strengthen coordination among providers, and improve patient outcomes
- › In the face of rising demand for facility and home-based post-acute care, operators are facing dynamic and constantly evolving labor and reimbursement environments

Accelerating Investor Momentum

- › Consolidation in the end market drives the need for investment into high-ROI technology solutions and services that complement the EMR across post-acute settings
- › Physician and hospital referral sources now expect post-acute care providers to adopt interoperable software and engagement solutions, putting pressure on investors and software providers to effectively scale and deploy solutions into the post-acute setting

Key Post-Acute Software Sector Dynamics

Opportunities to Optimize Post-Acute Care Through Technology

- › Health systems are utilizing software solutions to better coordinate discharges into post-acute care
- › Increasing need for integrated IT infrastructure among various stakeholders is driving investment in software and cybersecurity solutions
- › More than any other care setting, the aperture of constituents that are turning to technologies as a lever to gain market share has expanded across the full post-acute continuum

Key Investor Focus Areas

- › Challenges in the post-acute setting have a direct impact on the hospital setting, and vice versa – technology solutions that span the care continuum are directly responsible for improving patient outcomes
- › Post-acute care remains in the early innings of value-based care, and software solutions can accelerate adoption and success of these initiatives

Harris Williams Post-Acute Subvertical Areas⁽¹⁾

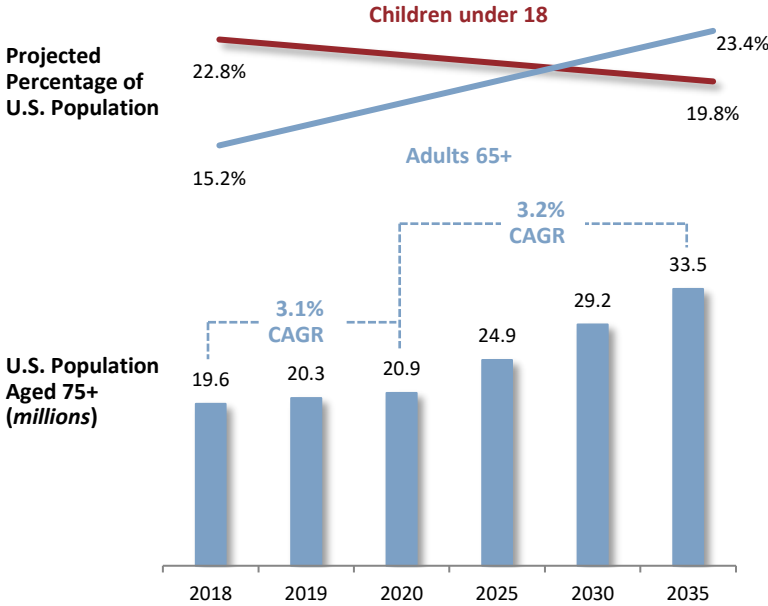
Market Size & Growth Trends ⁽²⁾				
Information Technology		Solutions designed to improve patient quality of care at a lower cost and optimize operational efficiencies for payers and providers	\$109.9B+ Est. Market Size (2023)	13.4%+ Est. Market CAGR (23-29)
Post-Acute Care Coordination		Care and utilization management services focused on reducing costs and improving care for the post-acute population	\$14.9B+ Est. Market Size (2023)	11.4%+ Est. Market CAGR (23-29)
Home Health		Short-term, physician-directed nursing and/or therapy provided in a Medicare beneficiary's place of residence	\$94.9B+ Est. Market Size (2023)	7.2%+ Est. Market CAGR (23-29)
Hospice		End-of-life care designed to improve the comfort and quality of life for patients in the final phase of a terminal illness	\$34.0B+ Est. Market Size (2023)	5.9%+ Est. Market CAGR (23-29)
Non-Medical Home Care		Non-medical personal care, including companionship and activities of daily living services, to support independence and safety for seniors	\$61.6B+ Est. Market Size (2023)	2.1%+ Est. Market CAGR (23-29)
Pediatric Home Care		Nursing, therapy, or attendant services provided to medically fragile children in their homes	\$12.3B+ Est. Market Size (2023)	4.6%+ Est. Market CAGR (23-29)
Home Care Franchisors		Providers of non-medical personal care services that utilize a franchise business model	\$15.9B+ Est. Market Size (2023)	2.6%+ Est. Market CAGR (23-29)

1) Represents the market size and growth rate for the aggregate software and services care coordination / care management market in the U.S.
2) Source: HW internal data.

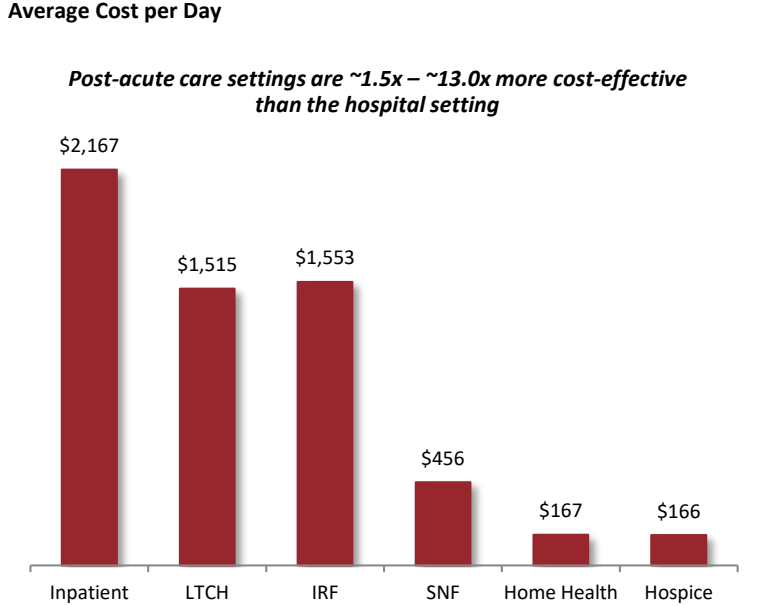
Supportive Trends in the Post-Acute Market ...

- A focus on managing rising healthcare costs, coupled with an aging U.S. population, is pushing more patients into lower-cost settings.
- › The number of adults aged 65+ will exceed the number of children for the first time by 2034, and older adults will comprise 23% of the total population by 2060⁽¹⁾
 - The Medicare population is projected to grow more than 30% from 2020 to 2030, driving growth in Medicare decedents and long-term demand for post-acute settings⁽²⁾
 - › As the population continues to age and healthcare utilization increases, lower-cost post-acute healthcare settings will be critical for serving population health needs
 - › The emergence of remote patient monitoring, telehealth, and general support for activities of daily living at the home suggest that patients have more control over their post-acute and long-term care decisions

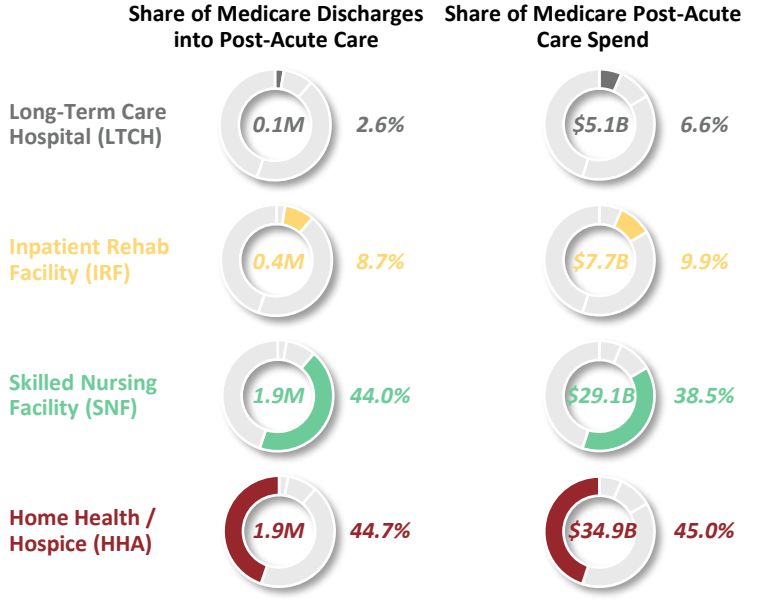
Aging U.S. Population⁽¹⁾



Cost of Care by Setting⁽²⁾



Inpatient Discharges⁽²⁾



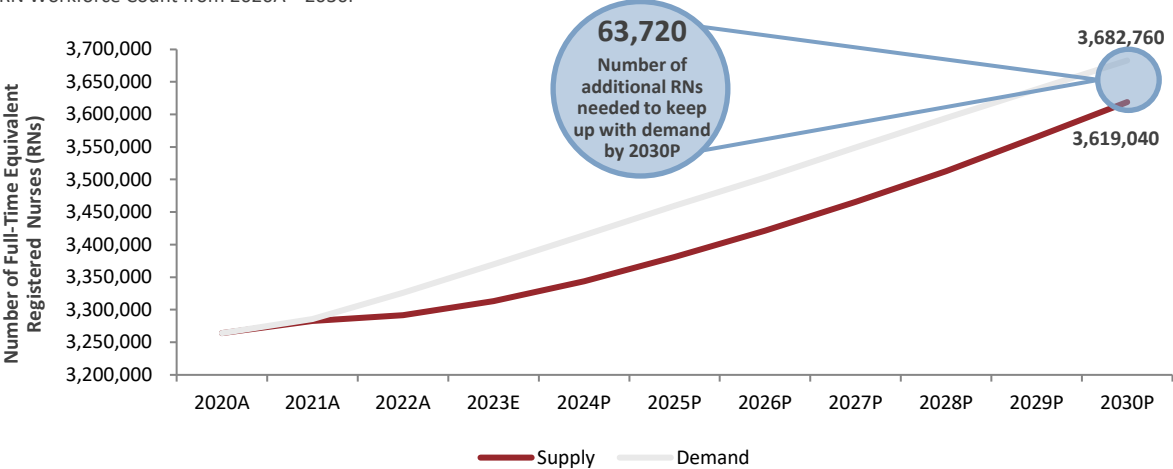
1) U.S. Census Bureau.
2) MEDPAC.

...That are Dynamic and Constantly Evolving...

Providers turn to software tools to drive competitive advantages in post-acute care, particularly in light of increased competition for labor, a complex reimbursement environment, and growing demand from referral sources to expand access to home-based care.

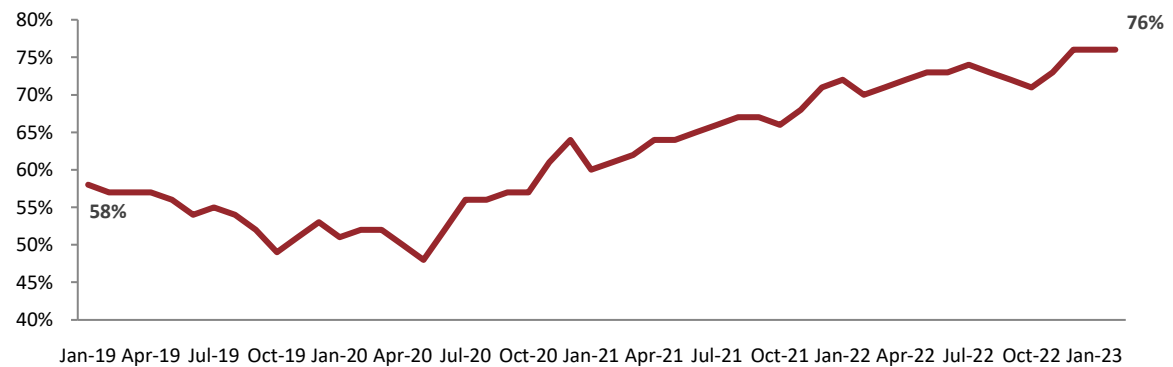
Supply and Demand Imbalances for Registered Nurses (RNs)⁽¹⁾

RN Workforce Count from 2020A – 2030P



Referral Rejection Rates Increasing as Home Health Patient Volumes Rise⁽²⁾

Monthly Rejection Rate Among HHAs from 2019A – 2023A



Post-Acute Industry Dynamics Top of Mind for Operators

-  Competition for Hiring Clinical Staff to Support Growth
-  Retaining Existing Staff
-  Complex and Evolving Reimbursement Landscape
-  Greater Emphasis from Referral Sources on Quality of Care
-  Rapidly Growing Medicare Advantage Population
-  Increasing Prevalence of Value-Based Payments / ACO Participation
-  Synergies & Increased Coordination Between Home-Based Service Lines

1) Department of Health and Human Services, Health Resources and Services Administration, Health Workforce Projections.
2) CarePort Health.

... Have Driven Providers to Leverage Technology Across the Post-Acute Landscape

The use of modern technologies in the post-acute setting is no longer a “nice to have”, but instead a necessity to improve both patient care and financial outcomes.

Care Delivery / Workflow	Electronic Medical Records (EMRs)	Outsourced Billing & Coding / Consulting / RCM	CRM	Data Analytics	HR / Training	Telehealth / Remote Patient Monitoring
 › Solutions for patient and asset tracking and monitoring within SNFs, Assisted Living, Memory Care, and CCRCs › Software that imbeds care pathways, protocols, and compliance to guide clinicians in the field to make better clinical decisions and to be more efficient and compliant	 › Comprehensive, end-to-end solutions covering all aspects of clinical workflow, financial management, and administrative tasks in the post-acute care environment	 › Front-end, mid-cycle, and back-end RCM software suites as well as point solutions and complex claims management › Risk adjustment and quality measures, clearinghouse / EDI, core administrative processing, payment integrity, and plan management and payer analytics	 › Sales and marketing intelligence tools that enhance targeting of referral sources, thereby making sales representatives more efficient	 › Solutions that look at patient data and predict what care is most needed next – both to enhance outcomes and to optimize getting the right types of clinical resources to patients at the right times	 › Software tools for managing clinical and operation staff, including recruiting, scheduling, and payroll › Software solutions that help providers comply with operational and administrative regulatory requirements, such as HIPAA, JCAHO, and ROI as well as continuing education for staff and clinicians	 › Solutions where the provider is delivering virtual care directly, usually offered as part of a plan or employer benefit › Solutions to enable the monitoring of patient health and activity outside of conventional care settings

Spotlight: Harnessing the Power of Data Insights in Post-Acute Care

Post-acute care providers are increasingly turning to software solutions to unlock and operationalize existing data assets, thereby driving operational and clinical improvements.

Value Proposition of Post-Acute Software Solutions

- › The crux of improving the post-acute care ecosystem is software that provides greater data insights and reporting capabilities, enabling providers to better care for patients, coordinate care, and track outcomes
- › Solutions that leverage the power of data provide a massive value proposition to post-acute providers across various facets of their businesses, including:



Point-of-care solutions, providing clinicians with a 360-degree view of the patient to inform more personalized care



Predictive analytics, leveraging patient data to determine optimal care plan design



Patient risk stratification and outcomes tracking, enabling participation in value-based arrangements

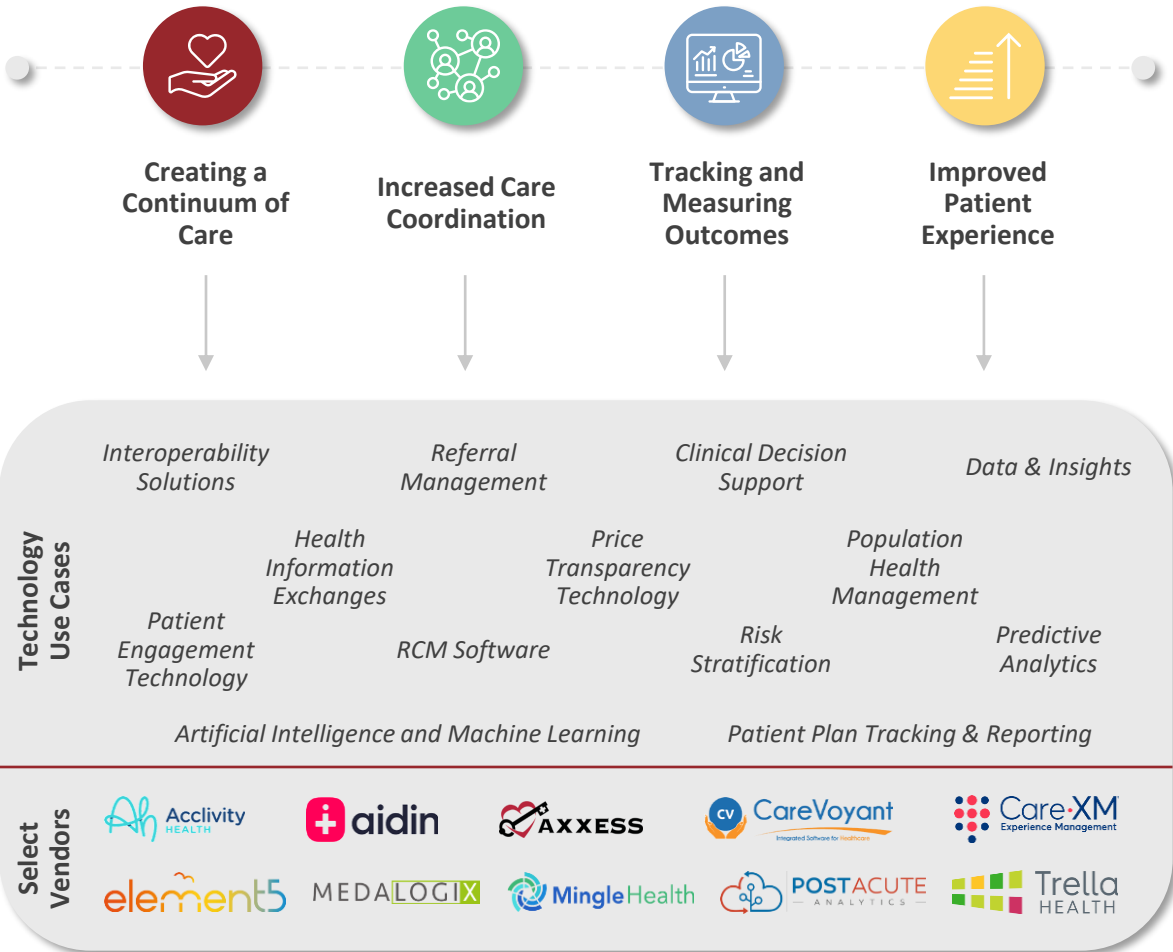


Data insights, amplifying the accuracy of coding / claim submission



Physician workflow solutions, optimizing certification and continuing education processes, and enabling opportunities for professional development

Key Objectives to Optimize Post-Acute Care and Associated Technology Use Cases



Spotlight: Artificial Intelligence

The evolving AI landscape is creating opportunities in post-acute settings.



Robotic Process Automation (RPA)

RPA uses intelligent automation technologies to perform repetitive, and often administrative, tasks for human workers

Eliminates time spent working on manual processes and repetitive tasks so that providers can focus on patient care



Pre-Built Workflows

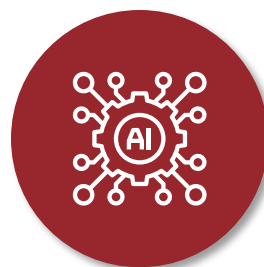
Pre-built workflows eliminate complexities and increase operational efficiency, targeting often manual processes such as patient intake, accessing medical records across disparate systems, revenue cycle management, and running clinical processes



Remote Patient Monitoring (RPM)

RPM, which is enabled by AI, allows post-acute organizations to safely monitor patients without the physical presence of a nurse

RPM promotes early detection of potential healthcare complications and prioritizes efficiency for the understaffed nursing workforce, ultimately reducing costs and increasing quality of care



Patient Intake / Eligibility

The use of artificial intelligence in verifying patient insurance eligibility simplifies the intake process and erases the need for laborious and manual verification of referrals

Referrals are processed faster and at a higher approval rate, patients spend less avoidable time in the wrong care setting, and post-acute providers are able to recognize revenue more quickly



Clinical Decision Support

AI algorithms assist medical professionals in making more informed decisions in an expedited manner, enabling patients to receive better care

Learning algorithms become more precise as they process more data, allowing providers to reach medical conclusions more quickly and more accurately, minimizing the potential for human error



Billing Workflows

Workflow automation solutions powered by AI and RPA help post-acute care organizations reduce claim denials and recognize revenue more quickly

Expedited data aggregation and payment authorization processes reduce manual and error-prone work, and allow clinical staff to focus on patient care



Framework for the Post-Acute Software Landscape

Care Delivery / Workflow

Solutions for patient and asset tracking and monitoring within SNFs, Assisted Living, Memory Care, and CCRCs

Software tools to enable communication among providers or deliver clinical information to patients within the post-acute care setting

CRM / Data Analytics

Software and information tools used to drive clinical best practices, evaluate and mitigate clinical risk, and optimize clinical outcomes based on federally prescribed or payer specific metrics of clinical quality

Electronic Medical Records (EMRs)

Comprehensive, end-to-end solutions covering all aspects of clinical workflow, financial management, and administrative tasks in the post-acute care environment

HR / Training

Software tools for managing clinical and operational staff, including recruiting, scheduling, and payroll

Software solutions that help providers comply with operational and administrative regulatory requirements, such as HIPAA, JCAHO, and ROI as well as continuing education for staff and clinicians

Outsourced Billing & Coding / Consulting / RCM

Tools that provide outsourced IT support and infrastructure services

Front-end, mid-cycle, and back-end RCM software suites for post-acute environments, as well as point solutions, and complex claims management

Risk adjustment and quality measures, clearinghouse / EDI, core administrative processing, payment integrity, and plan management and payer analytics

Telehealth / Remote Patient Monitoring

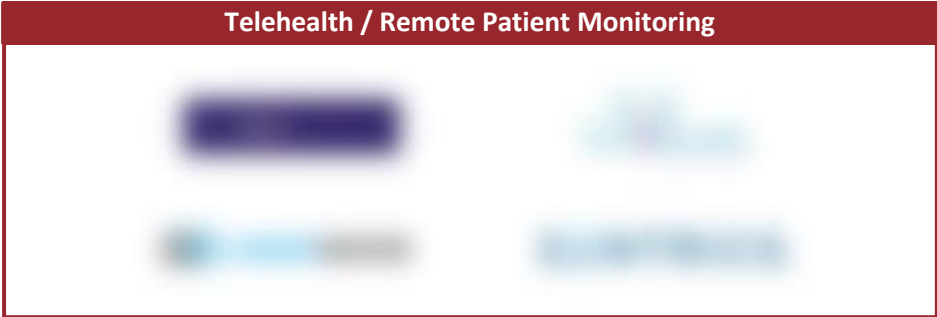
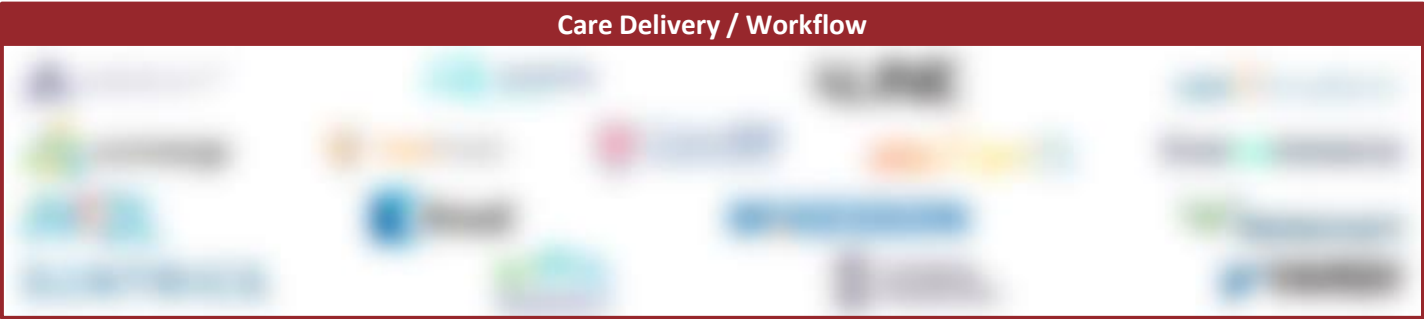
Solutions where the software provider is delivering virtual care directly, usually offered as part of a plan or employer benefit

Software and service solutions sold to hospitals and other provider organizations that supplement the labor and expertise of on-site clinicians, or provide the underlying technology to facilitate such interactions

Solutions to enable the monitoring of patient health and activity outside of conventional care settings

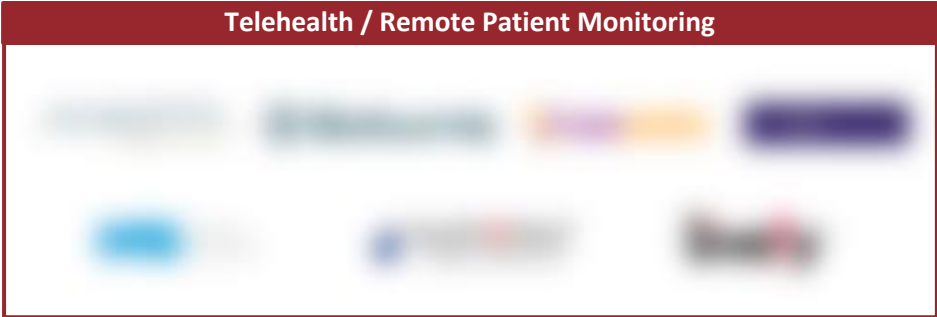
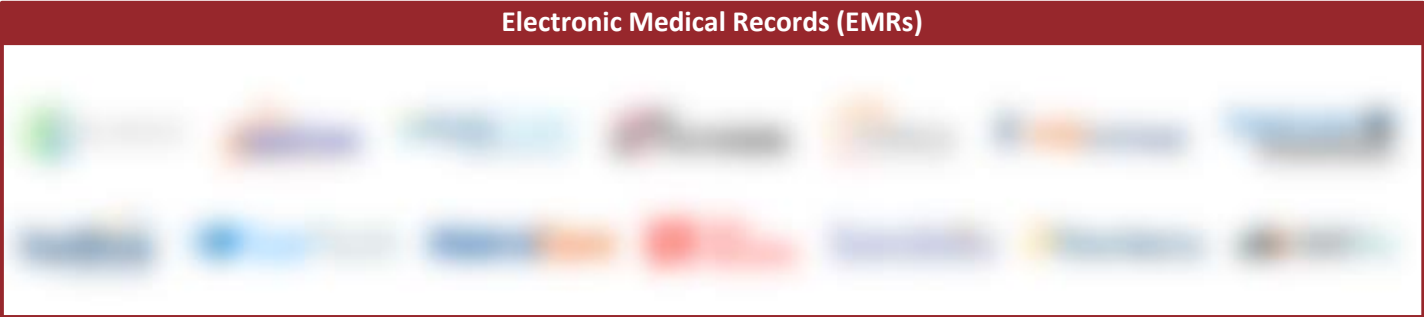
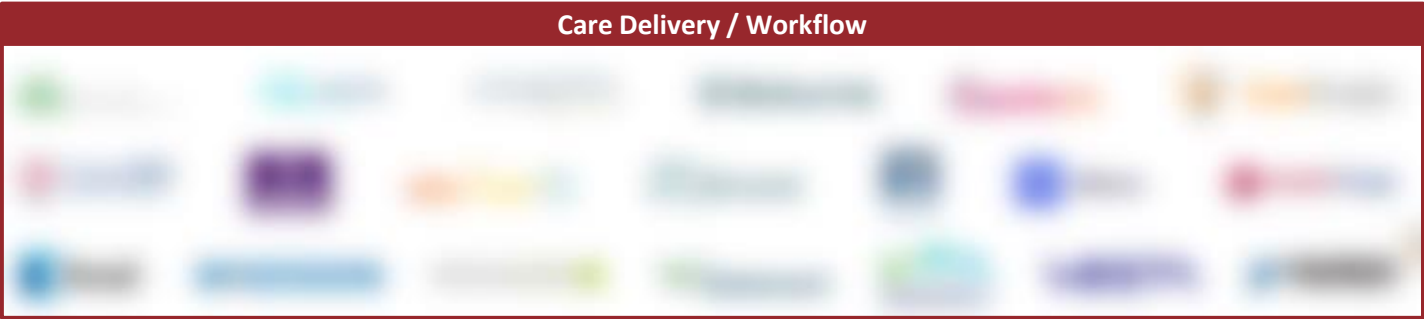
Post-Acute Software Market: Facility-Based Landscape

To view full market map, please contact:
technologyinsights@harriswilliams.com



Post-Acute Software Market: Home Care / Hospice Landscape

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Notable Recent Post-Acute Software Transactions

Experience Care Acquired by WellSky



Target



Buyer

August 23, 2023
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Experience Care is a provider of a suite of software solutions for post-acute and long-term care providers
- The combination of the two firms will enable more providers to increase operational efficiencies, improve financial performance, and turn data into meaningful information that advances resident care

Viventium Receives Growth Capital Investment from LLR Partners



Target



Buyer

February 7, 2023
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Viventium is a provider of payroll, HR, employee onboarding, benefits administration, and ACA compliance solutions to clients across the post-acute software continuum
- LLR will leverage their extensive experience in the human capital management and healthcare technology space to accelerate Viventium's growth

Complia Health Acquired by Axxess



Target



Buyer

July 24, 2023
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Complia Health is a provider of enterprise solutions that create efficiencies across clinical, financial, and back-office operations for healthcare agencies that deliver pre- and post-acute care
- The acquisition expands Axxess' client and talent base, and allows the combined entity to address home health, home care, hospice, and palliative care in ways that will lead to even greater client satisfaction

MediFox Dan Acquired by ResMed



Target



Buyer

November 21, 2022
EV: \$1.0B
EV / LTM Revenue: 12.0x
EV / LTM EBITDA: 28.6x

- MediFox Dan is a provider of software solutions and services for professional and non-professional care, therapeutic practices and child, family, and youth welfare facilities
- The acquisition expands ResMed's out-of-hospital SaaS business into new health sectors as well as their first non-U.S. market, Germany

Smartlinx Receives Strategic Investment from Lone View Capital



Target

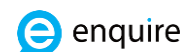


Buyer

July 24, 2023
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Smartlinx is a provider of workforce management solutions, including scheduling, time and attendance, payroll, compliance, human resources, and business insights
- Lone View will leverage their deep operational expertise to support Smartlinx's growth ambitions

Rubicon Technology Partners' Investment in Enquire, Glennis, and Sherpa⁽¹⁾



Target



Buyer

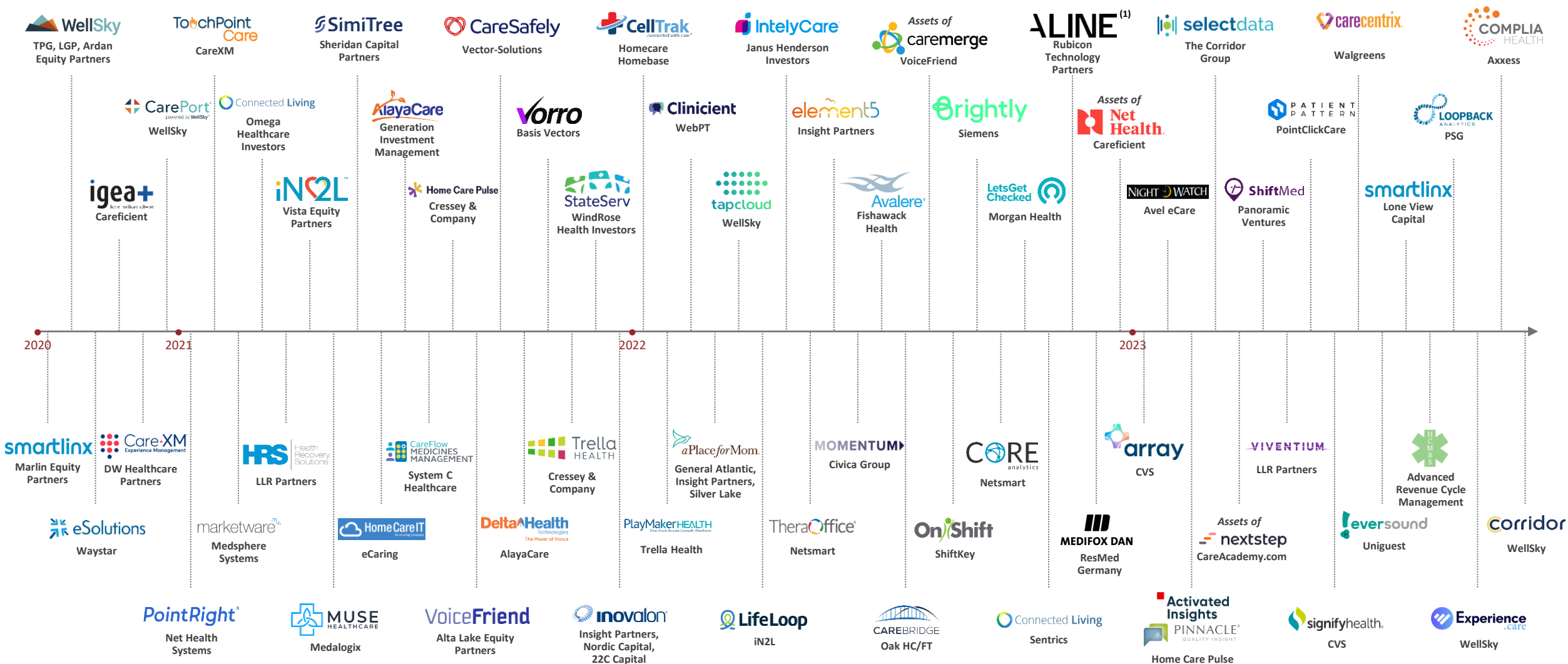
October 27, 2022
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Enquire, Glennis, and Sherpa (dba Aline) joined forces to create the market-leading software platform for the senior living industry
- Supported by a strategic investment from Rubicon Technology Partners, the combined entity is positioned to deliver the first comprehensive, scalable, end-to-end software solution designed by and for senior living providers

1) Enquire, Glennis Solutions, and Sherpa CRM announced their rebrand to Aline on May 4, 2022, officially unifying the merger announced in October 2022 under a single brand.

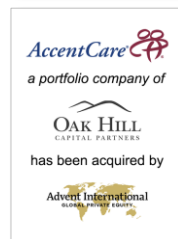
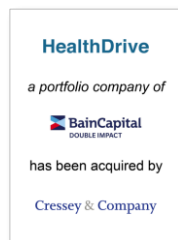
Accelerating Investor Interest in Post-Acute Software

Industry tailwinds are accelerating and driving significant investor momentum across the post-acute software continuum.



1) Enquire, Glennis Solutions, and Sherpa CRM announced their rebrand to Aline on May 4, 2022, officially unifying the merger announced in October 2022 under a single brand.
Note: Dates represent close dates rather than announced date.

Select transactions in the post-acute sector:



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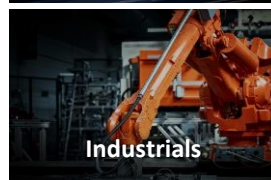
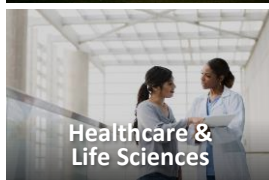
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Deep Industry Experience



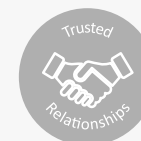
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87% Managing Directors promoted from within

30+ Year history

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