

# TrumpCare Means "Yuge" Spending On Healthcare IT

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Every sector of the healthcare industry is struggling to figure out what TrumpCare will mean to their businesses. Some will do better under TrumpCare, but most will do worse. There is one sector, however, which is guaranteed to grow like gangbusters under a Trump administration: Healthcare IT. Here's why:

First, there will be a sharp uptick in government spending. According to the research firm, Winvale, the US Government already spends approximately \$6.7 billion on healthcare related IT. This direct IT spending will dramatically increase over 2017. However, this is a drop in the bucket compared to Tom Price's operating budget. The new Secretary for the Department of Health and Human Services, Tom Price, will manage an annual budget of more than \$1 trillion.

Secretary Price will want to maximize every dollar of his limited budget to satisfy his ambitious boss. This means he'll be looking to improve the performance of the CMS, the Centers for Disease Control and Prevention, the National Institutes of Health, and the Food and Drug Administration, among others. There's no question that this will drive a significant increase in IT spending.

Second and more important, TrumpCare (whatever form it finally takes) will include increased emphasis on cost control and outcomes will drive healthcare providers to use more technology. Much of this technology spending will be necessary so that healthcare providers can reallocate costs of care management onto patients.

This will force post-acute care providers and other segments that are notoriously slow adopters to increase spending on new systems, new technology and upgrades to existing IT systems.

## What This Means for Healthcare IT Firms

A rapidly growing market, obviously, means opportunity for growth. However, history shows that such markets often outpace the ability of companies to grow their business organically. Because of this there will be a flurry of mergers and acquisitions in the IT healthcare segment in 2017 and beyond.

Indeed, some of that activity has already manifested itself as forward-looking healthcare IT firms position for the oncoming changes. Notable Healthcare IT transactions in 2016 include:

IBM Watson Health's acquisition of Truven Health Analytics, GI Partners' acquisition of Netsmart Technologies, Veritas Capital Partners' announced acquisition of Verisk Health, and ResMed's announced acquisition of Brightree—transactions that, in total,

comprise over \$1 billion each. Many of these firms will be on full display in Orlando, Florida, during the upcoming HIMSS conference - [www.himssconference.org](http://www.himssconference.org)

What this means to you is that there's never been a better time to sell your healthcare IT firm because the feeding frenzy is already starting. However, if you want to get the best price for your firm, you'll still need expert advice to maximize your offers.

Similarly, and a bit ironically, there's never been a better time to expand by acquisition. Yes, it's a seller's market, but there is so much potential growth in the IT segment that it will be almost impossible to grow organically and keep up with the market.

Thus, if you want to maintain market share, you'll need to think M&A. In that case, it's EVEN MORE crucial to get expert advice during negotiations because otherwise you'll end up spending more than necessary to acquire a new asset. You need somebody in your corner who "knows all the tricks" as they say.

Whichever strategy you're pursuing, I can promise you this: hang onto your hats people, because it's going to be one hell of an exciting ride.

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