

Ryan: Is the Health Care Sector 'Healthy?'

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A record crowd of healthcare investors and companies gather this week in San Francisco for the Annual [JPMorgan](#) Healthcare Conference.

The largest of its kind, it is dubbed the "Woodstock" of Healthcare, and its timing at the start of the new year sets the tone for the sector's outlook. The key themes this year will no doubt be new products, regulation (including the implementation of Obamacare), global expansion, productivity, pricing and utilization.

3 Top Health Care Plays: Barbara Ryan

Strong fundamentals and dominant market positions make these biotech/pharma names stand out, analyst Barbara Ryan says.

On the pharma/biotech front, innovation appears to be back with novel therapies for hepatitis C virus (HCV), cancer, stroke, rheumatoid arthritis, MS and obesity in the spotlight.

Companies advancing these therapies, such as [Gilead Sciences, Inc.](#), [Pfizer Inc.](#), [Biogen Idec Inc.](#), [Onyx Pharmaceuticals, Inc.](#), and [VIVUS, Inc](#) will attract the most attention.

The industry's global expansion into emerging markets has been a key growth driver for many, hence the pace of these gains in the coming years will be of keen interest. Additionally, investors will continue to put pressure on companies to maximize their profitability, and to return an increasing share of their free cash flow to them in the form of higher dividends, and share repurchase.

Several companies getting high grades on this metric are Pfizer, [Merck](#), [Abbott Laboratories](#) and [Amgen](#).

On the services front, investors will listen intently for the potential impacts of the implementation of Obamacare in 2014, with managed care companies, like [Aetna](#)

[Inc.](#) getting a boost in membership, but also facing continued pressure on premiums, and margins.

Hospital companies like [HCA](#) will certainly benefit from the coverage of the currently uninsured, which will be a welcome prescription for bad debt relief, but here too, government reimbursement will likely continue to head lower.

Investors will also be watching for whether utilization trends in the U.S. begin to improve with the economy, which could provide a much needed boost to the beleaguered device industry, and stocks such as [Covidien](#), [Stryker Corp](#), [Baxter International](#), and [Zimmer](#).

As was the case with Woodstock, all the "players" of the day are here, they will all go at it day and night. But, much is expected to be learned here, many connections are planned, and most hope they will get what they need here to start the year off with an edge.

Barbara Ryan is the Founder of Barbara Ryan Advisors and is a CNBC Contributor. Ryan has been a sell-side research analyst covering the Pharmaceutical industry for 30 years. She has worked at Bear Stearns, Prudential, Alex Brown, and most recently was a Managing Director at Deutsche Bank. In 2012, Ryan founded Barbara Ryan Advisors, a pharmaceutical consulting firm providing services to pharma companies, investment banks, and institutional investors. Ryan is widely recognized as an authority on the trends and outlook for the global pharmaceutical industry and has been publishing her analysis throughout her career.