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## Digital Is Hot & Mental Health Is Hotter

April 13, 2021 | Monica E. Oss



“In a few years, we won’t really be talking about digital health as its own thing. I think digital will become part of the fabric of health care and a key part of the way we think about models of health care delivery.” This prognostication from Lisa Marsch, Ph.D., Director of the Center for Technology and Behavioral Health at Dartmouth College and keynote speaker (see [Digital Therapeutics For Behavioral Health: Anytime/Anywhere Health Care](#)) at our recent *OPEN MINDS* Technology & Analytics Institute, may come to pass sooner than any of us think. Recent market developments certainly point in that direction.

Rock Health’s new report on digital health activity in the United States in the first quarter (Q1) of 2021 (see [Q1 2021 Funding Report: Digital Health Is All Grown Up](#)) indicates a new record for digital health investment in a single quarter. For the period January 2021 to March 2021, investors placed their bets with \$6.7 billion invested in new digital health deals. This compares to \$14 billion in all of 2020 and \$7.4 billion in all of 2019 (and for additional perspective, consider the total deal value of \$1.1 billion back in 2011). And as of 2020, private digital health companies had captured 9% of the overall venture capital dollars, compared to just 2% a decade ago.

So what were the hot areas for digital health investments? Mental health, primary care, substance use disorder, oncology, musculoskeletal, and gastrointestinal topped the list—in that order. The top two spots for mental health and primary care have remained mostly steady since 2018. Substance use disorder has inched up from fifth position in 2020 (and sixth position earlier) to third position. Musculoskeletal and gastrointestinal are newer in the most popular list, having shot up from #12 and #10 in 2020 to #5 and #6 in Q1 2021.

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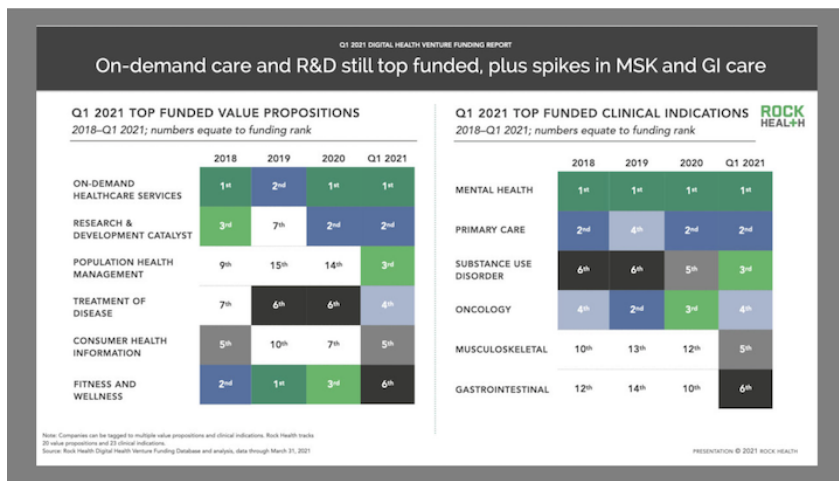
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We did not see brand new startups in the mental health space in Q1 but what we did see was well-known players attracting new investors and huge amounts of additional capital. Lyra Health led the pack with \$187 million in series E funding and noted that it had doubled its customer base in 2020 and now serves 2 million consumers with comprehensive mental health care (see [Lyra Health Completes \\$187 Million Series E Financing To Advance Comprehensive Mental Health Care](#)). BetterUp recently garnered \$125 million and perhaps more importantly, Prince Harry as its “Chief Impact Officer.” The company reported doubling or tripling of revenue year over year and “expects even stronger growth in the years to come as companies continue to invest in mental health to thwart the impact of the pandemic” (see [How Prince Harry’s New Job With \\$1.73B Startup Betterup Helps Secure His Future](#)). Ginger, which raised \$100 million and recently partnered with digital pharmacy Capsule to enhance its medication management services, reports significant increase in members’ mental health needs, with 335% uptick in demand for therapy and psychiatry services in January 2021 in comparison to 2019 averages (see [Ginger Partners With Capsule To Seamlessly Prescribe & Deliver Mental Health Medications](#)).

So why do these market developments matter to executives of traditional specialty provider organizations? There are three very important market effects. First, these new organizations are increasing the purchasing channels and reimbursement options for all customers. Second, these organizations will reduce the “price point” for services. And, finally, these organizations all offer consumers an easy-to-access digital front door.

For consumers, these new organizations offer the ability to go online and schedule an appointment (or have an on-demand appointment)—creating “immediate” access (or at least not the 21 days that is the average wait time for an appointment in existing mental health delivery systems). And their pricing models are consumer friendly. For example, a therapy session with Ginger (when not covered by an employer) could cost \$119 (see [When Healthcare Companies Like Ginger.io Share](#)

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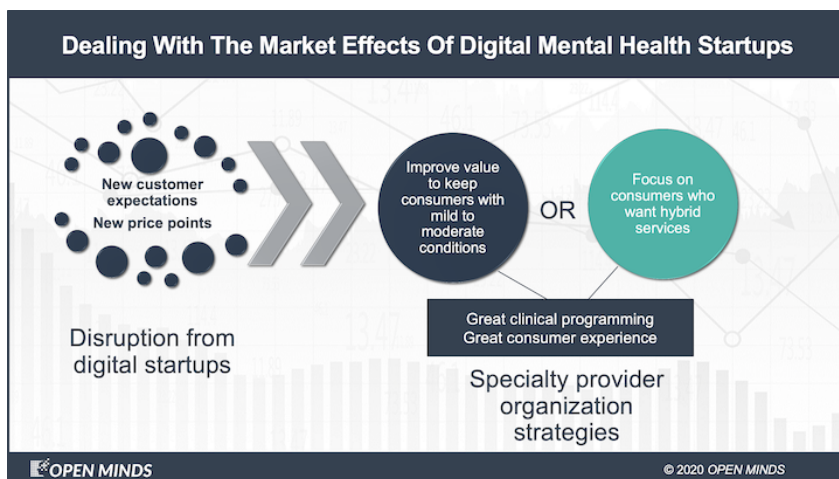
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[Our Information With Countless Members Of The Company, What Happens To Our Privacy?](#)). And a monthly subscription with Talkspace, which includes unlimited text/video/audio messaging and four live sessions with a therapist, costs \$396 (see [How Much Does Talkspace Cost?](#)). For employers and health plans (including Medicaid and Medicare health plans), these new organizations not only offer that “immediate” access—but they also offer services under a variety of reimbursement models, including case rates and capitated approaches.

While I do think that not all of these organizations will survive the turbulent reentry to the next normal, many will—and they will fundamentally change customer expectations and price points. For traditional specialty provider organizations, there are two strategies to adopt. First, to protect marketshare with consumers with mild and moderate mental health conditions without complex support needs, focus on improving value. That involves improving consumer experience from your website to the final billing, while reducing service delivery costs. The other strategy is to focus on the cohorts of consumers who will not use standalone online services—and are looking for a hybrid experience instead. Develop clinical programming—and performance measures—specific to each cohort. But note that this doesn’t mean that these consumers will accept a poor consumer experience—rather they want a great digital experience with face-to-face services.

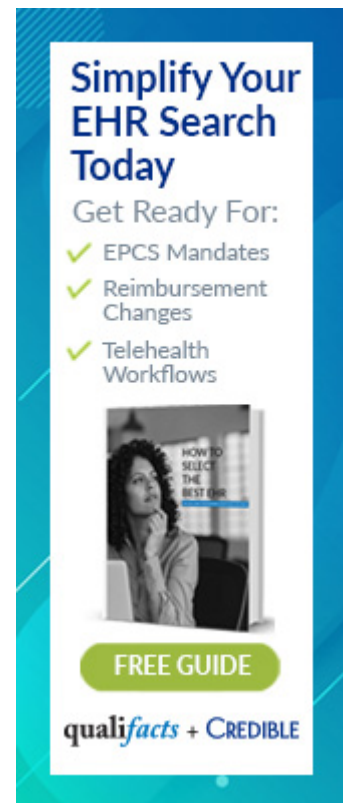


I don’t know if or when the pace of investments in digital will cool off. But what I do know is that these investments—and the organizations created with these investments—will change the market for services for consumers with chronic conditions. And executive teams need to prepare for that shift. For more on how to achieve the digital and customer service transformation to survive in the next normal, check out these resources in The *OPEN MINDS* Circle Library:

- [Post-Pandemic, Strategy Needs Technology](#)
- [The Technology Triple Whammy](#)
- [How 34 Health Care Unicorns Are Changing Your World](#)
- [Why Your Online Presence Matters To Health Plans](#)

- [To Succeed With Hybrid Services, Make Sure Your Digital Storefront Is Ready](#)
- [Specialty Care Strategy For A Tech-Enabled Future](#)
- [Digital Transformation – The OPEN MINDS Guide To Getting The Most Value From Your Technology Investments](#)
- [Eight Tips To Ensure Your Organization Keeps Innovating Post-Pandemic](#)
- [The Specialty Provider Organization Technology Checklist](#)
- [AI, Digital Therapeutics, Chatbots, Schedulers...New Health Care Technologies Within Your Reach](#)

And for even more, *OPEN MINDS* Circle Elite members are invited to join us on April 22 for the Executive Web Forum, [Designing Best In Class Websites: The OPEN MINDS Website Evaluation & Improvement Process](#). *OPEN MINDS* Vice President Laird Sapir and Consultant Stacy Bowles will explain how to perpetually enhance your website to maximize a positive customer journey.



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