

Aetna Inc - VP, Enterprise Partnerships at Oshi Health

Interview conducted on February 07, 2023

Topics

Digestive Health Care, Value-Based Care, B2B Sales, Healthcare Industry, Clinical Programs, Marketing, Payment Model, Partnerships

Summary

The Tegus Client is interested in the mental health telemedicine space and the GI vertical. They speak with the VP of Enterprise Partnerships at Oshi Health to understand their approach to benefit healthcare and how it differs from other companies in the market. Oshi Health offers a virtual approach to digestive care and complements local GI physicians rather than replacing them. The company's value proposition is to provide a virtual solution to the long waitlists for GI doctors and offer a bundled, value-based approach to payment. The go-to-market strategy involves selling to large self-funded employers and marketing the service as part of their benefits package, followed by enrollment marketing to recruit members into the program. The VP explains that payers will reimburse for some vendors, but it depends on what they negotiate. The expert suggests that it may be more effective to get large employers interested in the vendor's solution, as they can leverage their influence with health plans to drive awareness and coordinate solutions.

Expert Details

VP, Enterprise Partnerships at Oshi Health. Expert can speak to strategic and economic advantages of accepting insurance vs cash pay, what they are allowed to bill for when directly accepting insurance, and the process to initially get accepted by insurance carriers.

VP, Enterprise Partnerships at Oshi Health. The expert is responsible for all sales and business development with self-funded employers, which includes consultants and brokers. The expert can speak to the benefits and technology space and works with 15 health plans. The expert can speak to strategy for enterprise partnerships.

The expert can speak to 15 years of experience building strategic partnerships with health plans, consultants, and digital health technology vendors to help clients increase access to care, improve patient and member outcomes, and lower healthcare costs.

Q: Can you speak about the strategic and economic advantages of accepting insurance vs cash pay?

A: Yes.

Q: Can you discuss what you are allowed to bill for when directly accepting insurance? (e.g., patient visits, pre-visit chart reviews, lab test results interpretation, lab tests, texting-based care, etc.)

A: Yes.

Q: Are you able to discuss how you know what current reimbursement rates are and how you forecast them moving forward? (By CPT code)

A: I wouldn't have deep knowledge of this aspect.

Q: Can you discuss the process to initially get accepted by insurance carriers? (How long does it take, what do you need to show, etc.)

A: Yes.

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Tegus Client

Hello. Thank you so much for taking the time to speak with me today. So we're doing some research in the mental health telemedicine space, and around diligence digitally-native consumer health plays across a variety of verticals. One of the ones that we're researching is GI and kind of trying to get an understanding of the landscape, the dynamics and the opportunities in that space. So would love to just kick off quickly with maybe a bit about your background as well as your current company, Oshi, and your role there?

VP, Enterprise Partnerships at Oshi Health

Sure. So I've been in the benefits/digital health space for well over 10 years. I was early on at Castlight Health pre-IPO, helping to lead the sales efforts in the Southeast for them prior to the IPO. I was the second sales rep hired in Virta Health, responsible for all sales and business development everything east of the Mississippi.

So selling directly into large self-funded employers, engaging with consultants and then initiating our first health plan contracts throughout the East Coast as well. We also spent time at Livongo prior to the acquisition by Teladoc, specifically focused on mental health, chronic conditions, virtual primary care, again selling into the large self-funded space and also interfacing with brokers and consultants.

Here at Oshi, I am VP of Enterprise Partnerships. So I'm, selling to large, again, once again, large self-funded employers and interfacing with the consultants that work with them, introducing them to our approach to digestive health care and are a way basically to help the 25% of the population that have these conditions to kind of show them a better way to go about it within the market.

Tegus Client

Okay. A lot of what we have seen thus far in GI are guys like Salvo. And kind of mirroring the last couple of years of what I call consumer health, like activate on social media and paid search and whatnot, get the customers in the door that way, eventually get a network with subset of health plans through this cost of the consumer and increased reimbursement rates, et cetera. I'd be curious to understand just this kind of like context setting, any differences in your mind between either your approach to benefit health care versus like a Salvo as well as kind of the difference in the way that you guys go to market.

VP, Enterprise Partnerships at Oshi Health

Yes. So from what I can tell, I haven't run into them at all in the marketplace. I haven't had any feedback from any consultants from the large firms, the Aons, Willis Towers Watson, Mercer, Locktons, haven't brought them up at all, maybe once or twice, a handful of times.

So I think it's a ways from the business-to-business side, coming into large employers that are just getting started, would be my guess. And it seems to be a pivot from a B2C to B2B. And my experience has been the companies that do that struggle. I've seen it in mental health; I've seen it in virtual primary care and chronic conditions. It's just a different DNA, selling to large self-funded employers and health plans that it is going and doing the B2C approach.

The Oshi approach, and why I'm here is, it's very different. So it is built from the ground up as a medical provider. So we are licensed practicing medicine. And we're not in all 50 states yet, just we literally have practicing physicians, we're licensed. So we are able to diagnose, treat, prescribe, refer with other physicians, whereas what I've seen in the market is typically, best example's like the chronic conditions space.

It's an app with health coaches, maybe nutritionists. They give advice. But if you dig into it somewhere in the fine print, they're not really doing medical advice. There'll be a disclaimer, this is not medical advice, you should go and see your primary care physician, see your own doctor versus the Oshi approach, which is simply we become the specialists for digestive care. We just have to deliver it virtually.

Tegus Client

So would it be correct to say that you guys are essentially trying to replace or supplement, I don't know what word you'd use, kind of the traditional GI doctors, whereas Salvo is more kind of not an actual medical

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provider?

VP, Enterprise Partnerships at Oshi Health

Yes, I would say correct on the second piece. And I'm not 100% sure on the Salvo piece, because I haven't run into them in the wild. I haven't spent a ton of time on them, but my initial view of them is they're not licensed practicing physicians who are practicing medicine as their first run with customers, whereas we are. And so the other point is we are actually not looking to replace local GI physicians.

We actually complement them. We have number of partnerships around the country that are growing. Because basically, there's a lot of gaps in how digestive care is done today. So a sort of virtual approach, can kind of fill those gaps from what a PCP may be able to offer to, just the lack of ability to get into see a GI specialist locally. But yes, we're not replacing them. I guess that's where it's like a complement.

Tegus Client

So it sounds like what you guys are offering, are basically like, that's the value proposition, right? There's a huge waitlist to see a GI right now. You're looking like three to six months of waiting. PCP realizes that somebody might need to GI. They come to you guys first.

I would assume through a combination of like stool tests, blood tests, the kind of things you can like order, they can go do wherever, you can probably diagnose and treat 60% to 80% like your more simple GI issues like your IBSs, your GERDs, your SIBOs, and then I would assume, then refer out to a GI practice, who is happy to see a patient after they've undergone all that screening, and then they just get to do like the endoscopies or the colonoscopies, which is higher reimbursement for them. Is that ish the gist?

VP, Enterprise Partnerships at Oshi Health

So the approach that we take, 90-plus percent of patients, and that's a big distinction. People that work with us are patients, they're not members. 90% of the patients actually see symptom control in less than six months.

Tegus Client

Without needing an in-person appointment.

VP, Enterprise Partnerships at Oshi Health

Correct.

Tegus Client

Okay. And when you're doing this kind of B2B motion, like what is the patient paying?

VP, Enterprise Partnerships at Oshi Health

So I'm not able to go into specific numbers. But it's a value-based approach. It's bundled. It's based on payment milestones, based on a patient's progression through, I don't want to call it program, but basically through treatment. So if you think of traditional care, it's fee for service. It's every time a doctor touches anything related to that patient, they're trying to bill for it.

And so first thing they're going to do is they're going to scope, because you're solving against for cancer, and that's the highest one. It turns out not everyone needs scoped. And so what we've done, we built from the ground up this virtual tech stack that allows us to bundle fees and have that paid out and tie it to outcomes.

Tegus Client

Got it. And since its value-based, I assume like the majority of that reimbursement is coming from those employer sponsored plans, where they agree that reimbursement rate based on recovery milestones or something.

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VP, Enterprise Partnerships at Oshi Health

Pretty much. It's a very different approach, and the uptake is pretty interesting.

Tegus Client

Got it. So the go-to-market there is, and this is probably less Oshi-specific and kind of any comp that's doing this, so we can talk broadly, but let's pretend I'm the mental health equivalent. I'm going to go sell to Goldman Sachs or somebody with an employer-sponsored plan.

I'm going to say whenever you see this, like I guess, then Goldman will then offer it to all of their employees who are having any kind of mental health issue. They come see us and then some combination, charge the employees some kind of fee as well as Goldman reimburses based on recovery milestones. And that's kind of how the ish fund flow works?

VP, Enterprise Partnerships at Oshi Health

Yes. So mental health is a little bit different, I think. What I've seen with this kind of go-to-market strategy throughout chronic conditions, primary care and others, there's typically not as much cost share involved for the patient or for the member. But yes, basically employers will pick a vendor or multiple vendors based on where they see a high prevalence of costs and claims, right? Diabetes, mental health, whatever.

And then they'll market that service as part of their overall benefits package. Then the best way to think of it is it's really two sales. There's a B2B sale where you get the employer to sign up and offer this service as part of their benefits package. But then it's members don't automatically utilize it.

So you have to do enrollment marketing to recruit people into the program, whether it's chronic conditions, mental health, doesn't matter what the condition is. People don't realize all the benefits they have. So there's marketing, it goes along. There's the patient or member acquisition costs involved.

And you only end up getting, depending on the service, 5% to 25% of those eligible. So if there's 10,000 people out there that are with an employer, and we know from the numbers using your example, 40% to 50% at any one time are going to have a mental health challenge. They still only see about a 5% to 10% activation rate on that program.

And the ability of the vendor to do that enrollment marketing can really make or break how successful they are. Because most of the situations, they're only being paid for members, and this isn't across the board, but most of them. They're only being paid as a vendor when members enroll and utilize the service. So if you have 10,000 employees and you only get 15 to enroll, you're getting paid on 15 people.

But if you get 200 people or 2,000 people to enroll, you get paid almost 2,000. So years ago, it used to be you just got a flat fee based on a number of eligible lives. That's all gone away. Now it's based on enrollment and who actually is in the program. So the ability to make potential members aware of the service and then to actually get them to engage and utilize it is absolutely critical.

Tegus Client

So what you guys are not doing is like hitting Aetna with a CPT code every time that a patient sees an Oshi GI nurse practitioner or doctor.

VP, Enterprise Partnerships at Oshi Health

Correct. It's a bundled fee. So there's a couple of different ways. You can bundle them up. You can have it all paid at once. You can have it paid out over a certain period of time. But yes, we will, at the end of the day, hit Aetna, United, Centene, whoever, with bills. Typically, we can bill through claims. Some employers wanted to be invoiced. We're agnostic on that, somewhat. But yes, basically we will hit the health plan with claims.

Tegus Client

So in the consumer health space, will the payers will reimburse for PBC, like outcome-based milestones?

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VP, Enterprise Partnerships at Oshi Health

Yes, for some vendors, they will do that. It depends on what they negotiate. And then this is where it gets fun and it gets complex. Are they in network? Or are they doing a customer-specific network, meaning it's only for that employer? Or are they out of network? All three can happen.

So it gets messy real quick, but the ideal is that an employer signs up, they do marketing, and an employee or member says, "Hey, I'm interested in this. Go get the service". And then they get hit at some point with one or multiple bills. It's paid typically through the health plan. But at the end of the day, the employer is paying that cost because they're self-funded.

So the Aetna or whoever is just running the money. At the end of the day, they're going to go back to the employer, show them the claims run and ask for those claims to be paid by the employer traditional self-funding. So that's why it's in an employer's best interest to offer these types of services.

If you go in and you can offer to Livongo, it's going to reduce your diabetes spend by 18%, and diabetes is one of your top three to five medical spends. It makes sense to invest in that type of program, because at the end of the day, the self-funded employer is paying those claims.

Tegus Client

Got it. And so you guys are kind of explaining the value proposition to employers or anybody who's on this kind of value-based care by saying like you're going to pay for outcomes, people getting better, not for like individual touch points with the patient. And net-net, A, that should be cheaper for you, and B, it means that your incentives are basically aligned to your health care providers, because everybody is trying to, A, get people better and B, reduced extraneous costs. Is that right?

VP, Enterprise Partnerships at Oshi Health

You got it.

Tegus Client

So this isn't like, we're going to hit the health plan with a CPT code for a 30-minute consult every single time that they see a GI doctor. That is not the sale here.

VP, Enterprise Partnerships at Oshi Health

No.

Tegus Client

Okay. And a follow-up to that would be understanding the value-based care model, right? In order to sell to those large self-funded employers, you need, presumably, some data, right, to show that your clinical program works and is actually in the long run going to save them money.

I'm thinking about that paradigm. How do companies of this type sort of get started? Do you have to sort of prove out in a B2C way with that initial patient panel and collect data over X months? Like how does that sales play work? Sort of like a catch-22 in the first play, right?

VP, Enterprise Partnerships at Oshi Health

Yes. There's a couple of different ways you can do it, and I'm speaking more broadly here. So you can launch the market, find some progressive employers who have and utilize the latest greatest thing, because if it works, they become famous, in a sense. In the benefits world, they'll be able to be up on stage at the conferences talking about that new innovative benefit that saved 8% or whatever.

So there's a win in it for the HR team or person, is to take swings on new innovative things. And let's face it. Health care is pretty broken. So there are some employers out there that are willing to take some pretty wide swings to get better outcomes, lower costs, those sort of things.

The second piece of it is, when those employers do that, there's your initial cohort, is you're able to go out

and say, I work with these three, five, 10 employers. We saw these kind of outcomes, and that becomes the proof statement to go to market on a much bigger round. So if you're seed funding maybe Series A, you go out and you build the proof statements, you get some momentum, you get some customer contracts and enrollment. Not just contracts, enrollment. And then from there, you can go get your Series B and off to the races, and that's when you start to make sure you have product markets fit.

And then post that, Series C would be where you're scaling across the country with teams of reps and go-to-market strategies and that sort of thing. The other approach, and there's a handful of vendors who took that, is they will go do a clinical trial. Virta Health is a great example. They didn't launch day one. They launched almost in stealth, but they were out there, but they weren't really selling to the market.

And they did a clinical trial. A peer-reviewed clinical trial for a couple of years to prove the efficacy that reversing diabetes is an option and it works. And it should be on the diabetes care space. Oshi and some others have taken a similar approach. When we launched in 2020, we didn't necessarily go to market at first. We partnered with a national health plan and proved out our ability to get outcomes.

And we just published on that last week, big press splits last week showing that this payer saw significant outcomes clinically, which drove significant cost savings. So it was the payer saying, this thing worked with Oshi. It wasn't us just saying, it was the employer.

Tegus Client

Okay. So kind of the first approach is work with some smaller employers that are kind of interested in taking some swings, and then you can progress to the bigger ones. Second approach is clinical trial. You said earlier on in the call that folks who try to do B2C and then transition into B2B end up struggling. So you haven't really seen folks kind of operate effectively in that route. I'm curious, but if you can touch on that a little bit more.

VP, Enterprise Partnerships at Oshi Health

Sure. So one thing I would clarify is that the first route we talked about, where you go to employers, take a swing, that approach, actually the most effective route is with large employers. To find a Boeing, a large visible company that has a big enough population, big enough demographics that the numbers matter. So if you go get a 20 life employer or 150 life employer, it doesn't matter. But if you can get a national employer, Bank of, you name it, a big company that is progressive enough to take these swings, then it makes sense.

So to the second question, why does the pivot from direct B2C to B2B not work? And I think I said something about the DNA, and it's those companies are built from the ground up just to do that acquisition marketing. They get into the employer space or the health plan space, and it's very different. There is a long, long ugly selling cycle involved for any of these solutions.

So what they're used to is when you put the ads out there on Facebook and you're testing conversion rates, how much are you paying per click and per lead and all that. It's very different here, you're going and selling into a skeptical market, HR buyers. There's consultants that get in the middle of it that gum up the mix, and there's a strict buying cadence for about 90% of the market.

They buy certain times of the year and they implement most solutions at a different time of the year, because that's just how benefits are bought and sold. It's been done that way for too long. It's ineffective, it's inefficient, but it is the market. And I've seen so many companies come into this world and just say, "No, we're going to do different and better because we're just different."

And they go in there, they hire a bunch of reps, and it boils up, and then they fire the CRO, they bring in another team and the same thing happens, because there's just no good easy way around that sales process. And the ones who embrace it, and do things like clinical trials and white papers and really build proof statements around the product's ability to do whatever they're saying it can do, top.

And because the problem is HR buyers have been seeing these products for years, because years ago it was managed care, then wellness came into play. And all these different innovations over the years is going to help slow the cost of health care. None of this worked. Health care continues to go up 3%, 4%, 10% a year.

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So HR at this point is pretty skeptical that any of this junk works. And now the problem is, there's been billions and billions of dollars that have flown into digital health, and there's literally hundreds of these vendors out there pitching their wares to HR buyers that just don't have any time for it. So it's a tough market. And those B2C companies that pivot come into this, and then they just hit a brick wall. And because they don't get it even if you tell them.

Tegus Client

I'm curious your thoughts on whether or not you've seen folks' kind of take the other route in B2B sales for health care and partnering with PCPs. So I guess instead of your Boeing, it's more like a death by 1,000 cuts, a GI or maybe in a mental health where PCPs are going to be the first people to see a lot of this. They probably know some but not a lot, maybe not even enough to be dangerous about how to like to properly treat and drive outcomes for their patients. A direct referral to a GI or like a psychiatrist, you could be looking at months of waitlists.

And so people kind of coming in partnering with the PCPs, partnering with the GIs for referrals out if somebody really does need an endoscopy or a scope and kind of providing that higher quality of care with a better touch point cadence and better expertise some of the PCPs would have. I'm curious your thoughts on those models.

VP, Enterprise Partnerships at Oshi Health

Yes. I think it's again an uphill battle because PCPs, they don't have time now. So to get in front of them and educate them, change their workflows, because it's all got to be then documented into their EMR, and you're literally going door to door, PCP to PCP or practice to practice. So each PCP sees, what, maybe 2,400 patients as a panel. So I don't think it scales very well.

As far as I know, I haven't seen many vendors go that approach that have made traction. What does work is if you can get some of those employers interested, like those large employers, Boeings, for example, they can turn around and tell their health plan, "Hey, I want this covered as an in-network benefit," or, "Hey, I want this paid as a claim," or, "I want you to coordinate with this team."

And because they drive hundreds of millions of dollars of revenue through the health plan and in terms of administrative fees, it's kind of like a lever. And it works really well. I've done it in multiple spaces, where if you get a bunch of large customers of a health plan that wouldn't take your call before, didn't want to work with you, and those employers said, "Hey, we want you to work with XYZ vendor," they will. So it's a one-two punch.

That's where you get thousands of patients who will kind of drive that, because the employer can take their business from Aetna over to United or Blue Cross. So if you're not doing what they want, you run a risk. So it helps to kind of be out there have a team talking to the health plans, driving awareness and getting them to maybe do a pilot.

Or to launch with that vendor solution right at the same time that you're out there talking to employers and saying, "Hey, let's go talk to your employer or your health plan about how we could all partner together." Because anything a good large employer rolls out to their patient or their employee population, they want it all, not integrated, but they want it to coordinate.

They don't want to have something duct taped on the side of their health plan. They want it all to kind of fit, because health care is just so disconnected now, they make it worse. So that's why they go to their health plans and say, "Hey, go work with Virta Health," because we want them as part of our solution.

Tegus Client

Got it. This is super helpful and very informative. Really appreciate the time. Take care.

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