

Brooklyn startup Wellth raises \$5M to cut readmissions

Brooklyn-based digital health startup Wellth raised \$5.1 million in its latest funding round to help advance its technology, designed to reduce costly readmissions by involving patients in their own disease management and recovery, the company said.

Wellth, which scored \$2 million from investors in a seed round in 2015, works with a customer base of insurers and risk-bearing health care providers, such as Mount Sinai and Staten Island PPS, amid an industry shift to value-based payments. The company is also reaching out to drugmakers "as pharma also gets more and more into value-based payment agreements with payers," said Matt Loper, co-founder and CEO of Wellth.

Pharmaceutical giant Boehringer Ingelheim's venture fund invested in Wellth in the latest round, as did life insurers AXA Venture Partners and New York Life Insurance Co. and insurance brokerage firm NFP's venture fund. Additional investors included Leonard Schaeffer, former chairman of insurance company Anthem; investment firms CD-Venture and Yabeo; and the Partnership Fund for New York City.

"I tend to believe adherence and people doing what they are supposed to do is a big driver for better outcomes for individuals and lower costs in the overall health care system," said Manish Agarwal, general partner of AXA, based in New York City. And, he added, "using behavioral economics is a great way to drive outcomes."

Wellth connects with patients either in person or over the phone after they leave the hospital for the treatment of such conditions as type 2 diabetes, cardiovascular disease, asthma and mental illness. The company's mobile app rewards patients for better managing chronic diseases, Loper said.

For example, a patient may receive \$75 for using the app as a reminder to take daily medications, he said. The app sends notifications to patients, and patients send a photo of the right pill at the right time to confirm adherence. One less readmission may result in tens of thousands of dollars or more in savings for providers.

About 90% of patients who use the Wellth app adhere to their treatment recommendations, the company said.

The company is not being paid a flat fee by customers, Loper said. "Our fees are tied to some sort of outcome," such as reducing readmissions.

The company employs 11 people and has plans to hire more engineering and sales staff, Loper said.

When it comes to better outcomes for patients, "we have a moral obligation to try to scale as large as possible," he said.