APR 26
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Accolade scoops up telehealth firm PlushCare in a $450M deal

Article

Digital health benefits platform **Accolade** announced plans to scoop up telehealth company **PlushCare** in a deal valued up to **$450 million**. Accolade will offer PlushCare's virtual primary care and mental health care services directly to its members, which include large employers like Comcast Cable.

- For context, Accolade partners with employers to boost their employees' engagement and utilization of their health benefits: Accolade's Health Assistants will schedule employee's appointments and link them up with the correct provider, for instance.

A telehealth acquisition for a benefits management company like Accolade should be fruitful for two key reasons:

- **Offering virtual care could bring about new employer partnerships, especially since employers are on the hunt for more telehealth options.** Over half (**52%**) of US employers plan to include more virtual care solutions this year—and **91%** of employers will expand their telemental health services, per an August 2020 survey by Business Health Group. Offering telehealth through a benefits navigation platform like Accolade could be quite an attractive option for employers since it'll be a one-stop shop for care, and convenience-hungry employees will be more likely to use it.
- **Bringing telehealth in-house means Accolade will no longer have to lean on its preexisting third-party virtual care partnerships.** Last September, Accolade partnered with on-demand mental health startup **Ginger** to make it easier for employees to access telemental health services. Since Accolade is bringing PlushCare (which also offers comprehensive mental health services) in-house, it's likely Accolade won't need to maintain partnerships with multiple telehealth vendors.

The increasing number of telehealth M&As in the past year suggests virtual care companies are realizing consolidation, rather than independence, will be key to long-term sustainability.

- **Telehealth startups like Doctor on Demand and MDLive have fused with other companies.** In March, employer-focused telehealth navigation firm **Grand Rounds** merged with Doctor on Demand to form a multibillion-dollar telehealth giant; and just this month, insurer **Cigna** completed its acquisition of MDLive to augment its members' access to virtual care.
- **For a smaller telehealth company, remaining independent may not be worth the risk—especially as massive incumbents like health insurers encroach on the virtual care space.** Cigna isn't the only legacy insurer expanding telehealth services in-house: This week, **UnitedHealthcare's Optum** announced it's expanding its virtual care business to all 50 US states, leaving the fate of its previous partnerships with vendors like Amwell uncertain. It's likely more telehealth entrants will consolidate with larger entities this year as competition heats up, since a merger would ensure long-term relevance among a wide range of

consumers: Cigna has over **180 million** consumers while telehealth vendors like MDLive have over **40 million**, for instance.