

Collective Health bags \$280M—here's why its primed to entice employers

Article



Health insurtech **Collective Health** scored \$280 million in a Series F funding round—bringing its valuation to over \$1.5 billion. It plans to use the cash to scale its platform and make it more

user-friendly to reach larger employer customers. For context, Collective Health helps employers and members identify, navigate, and pay for health benefits and digital health services all in one place.

Insurtechs are gaining major momentum amid the pandemic-induced digitization of healthcare:

- **Major health insurtechs have hit the public market in the last year alone—a sign of their fast growth and increasing demand.** In October 2020, Clover Health went **public** in a **\$3.7 billion** SPAC deal; in February of this year, Oscar Health **filed** its IPO; and in April reports surfaced that Bright Health may **launch** a **\$1 billion** IPO this quarter.
- **Insurtechs' growth has been largely fueled by their ability to provide a seamless digital experience, deliver transparency, and streamline clunky administrative processes.** For example, customers who experience hiccups in their digital interactions with insurers tend to show less loyalty toward their insurance providers—which makes digital-savvy insurtechs more attractive, **per** a recent Bain & Company analysis.
- **Now that insurtechs like Oscar and Bright Health are building out their own telehealth solutions, that growth isn't expected to slow—employers are also vying for virtual care.** **80%** of employers think virtual care will play a bigger role in their health benefits.

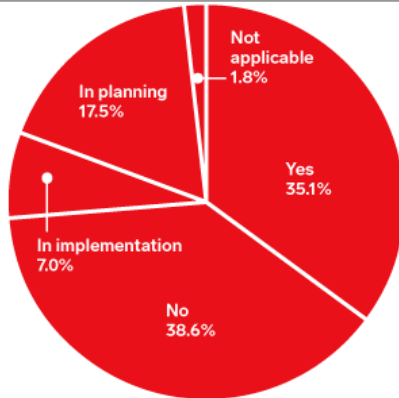
As the cost of providing healthcare benefits skyrockets, insurtech solutions will become attractive partners:

- **Health benefits cost for employers is expected to increase 4.4% by the end of 2021,** and follows an upward trend, **according to** Mercer's 2020 National Survey of Employer-Sponsored Health Plans.
- **Employers expressed their mounting concerns over their ability to keep up with the costs of providing healthcare benefits for their employee.:** 87% think the cost of providing health benefits will become unsustainable in the next 5 to 10 years, **per** a recent April 2021 KFF survey.

Insurtechs like Collective Health can address this pain point. Insurtechs can leverage their tech-driven platforms to slash excessive costs related to health benefits by analyzing claims data to recommend treatment options to members, and undertaking admin functions (like claims processing).

Insurance Organizations that Work with Digital Health Engagement Platforms* According to Life/Health Insurance Executives Worldwide, Oct 2020

% of respondents



Note: *to engage with/collect data from their insured members
Source: Dacadoo, "Global Market Report on the Integrated Insurance Operator," Nov 18, 2020

262313

eMarketer | InsiderIntelligence.com