

Investors tap kids' autism care market amid rising cases of autism

Article

The news: Virtual pediatric autism therapy startup **Elemy** (formerly Sprout Therapy) nabbed **\$219 million** in Series B funding, valuing the entrant at **\$1.15 billion**.

- Elemy matches pediatric patients with a therapist to create a personalized in-home and online treatment plan, and gives caregivers the ability to track the patients' progress.

Why it's worth watching: There's a large addressable market for pediatric autism care in the US—and it's steadily increasing.

The prevalence of autism in pediatric patients rose 10% to **1 in 54 children**—up 10% from 2014, per a 2020 CDC update.

- Researchers at Johns Hopkins Bloomberg School of Public Health say technical factors like increased awareness of autism spectrum disorder (ASD), increased screening, and better diagnostic services could be contributing to the rise in pediatric cases.

The trend: Funding rounds for companies like Everly are becoming more common—over the past year, investors poured cash into tech-enabled startups detecting and managing ASD.

- For example, **Optum Ventures** (UnitedHealth Group's VC arm) led pediatric virtual ASD clinic **Springtide's \$18.1 million** series A funding round during November 2020.
- And in May 2021, digital therapeutics startup **Akili** secured **\$160 million** to further development of its kids' video game-based treatment apps for conditions like ADHD and ASD.

Investor interest in specialty telemental health areas like ASD should only rise as the number of pediatric cases climb, too:

- Experts say the number of ASD cases are increasing as there's changes to diagnostic criteria of the condition, for instance.

The opportunity: Investor interest in kids' autism care startups makes sense for two key reasons:

1. All 50 states recently mandated health insurance companies to cover the cost of ASD care—meaning companies like Everly will be attracting new patients more than ever.

- Prior to last year's mandates requiring some ASD coverage under insurance plans, insurance companies in states like Tennessee could **define** their own mental health benefits, which meant autism wasn't always included in their list of covered conditions.
- That meant patients in some states still had to pay out-of-pocket.
- New mandates mean cost will no longer be a major barrier to getting patients ASD treatment like Elemy's, and parents will be more likely to tap the tech to get their kids care.

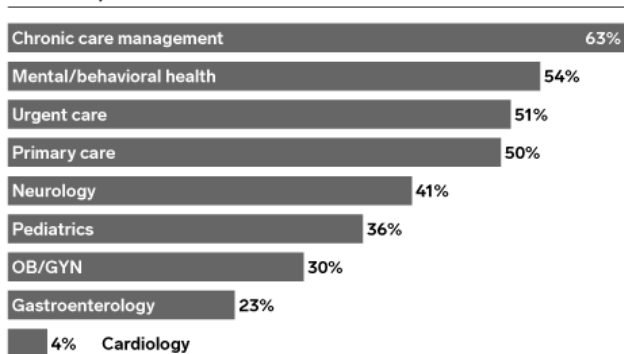
- Autism care traditionally has a high price tag: The condition typically costs **\$17,000 annually** per child, per Elemetry.

2. Tech-enabled care can also help kids get connected with therapists faster than traditional methods that offer in-person appointments only.

- It typically takes six months to one year to get children onboarded with a new ABA therapist —a wait that is likely exacerbated due to the shortage of childrens’ mental health appointments.
- Startups like Elemetry say their tech-enabled platforms reduce patients’ onboarding time to three months, which will be attractive to parents seeking quicker care for their kids.

Areas of Future Expansion for Telehealth* According to US Health Provider Organizations, June 2021

% of respondents



Note: n=96; *defined as healthcare services delivered via digital and telecommunication technologies, including virtual visits by video and telephone, remote patient monitoring, and electronic correspondence with care team
Source: Center for Connected Medicine (CCM) and KLAS Research, "The Intersection of Value and Telehealth," Aug 2021

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