

# It may get easier for digital therapy makers to earn Medicaid coverage

## Article

**The data:** Most (~70%) physicians fear they've missed signs of drug use disorders during the pandemic since routine medicare care was disrupted, [per](#) a November 2021 Quest Diagnostics report surveying 500 primary care doctors.

- Specifically, **75% of doctors** say they are concerned about the misuse of opioids.

**Digging deeper into the data:** The mental health crisis in the US has been getting worse since the onset of the pandemic, and there's a correlation between declining mental health and rise in drug abuse.

- **About 94% of primary care doctors** report seeing more patients experiencing issues like stress and anxiety due to the pandemic, per the Quest survey.
- And they fear there's a connection with prescription drug misuse.
- **Nearly 17 million people in the US experienced a co-occurring substance use disorder and mental illness in 2020**, per the National Alliance on Mental Illness.

**The problem:** It's difficult for individuals suffering from substance use disorder to tap accessible mental health care due to social health and insurance barriers.

For context, Medicaid does cover some in-person addiction and mental health services, but social determinants of health barriers like transportation and limited availability of mental health professionals make it difficult to access what's covered.

And while there's been an explosion of app-based therapy adoption, these services are mostly beneficial for people who can afford to pay out of pocket.

- For example, popular direct-to-consumer mental health apps like **Talkspace** and **BetterHelp** are not covered under Medicaid, and the costs can quickly rack up. BetterHelp therapy costs **\$90 a week**, for instance.
- For context, **nearly 12% of Medicaid beneficiaries 18+ suffer from substance use disorder**, per gov't data.

**The bigger picture:** It's been difficult for digital therapy apps treating substance use disorder to gain Medicaid coverage due to regulatory barriers, but entrants like **Pear Therapeutics** could be moving the needle on Medicaid adoption.

- Without insurance coverage, apps providing cognitive behavioral therapy (CBT) in combination with substance use disorder treatment are quite costly.
- The list price for a 90-day prescription of Pear Therapeutics' substance use disorder treatment, reSET-O is **\$1,665**, for instance.

But Pear recently announced it's teaming up with **MassHealth** (Massachusetts' Medicaid program) to cover its digital therapies—which means it managed to jump through Medicaid

programs' lengthy review process to get care to a ton of new patients:

- **Medicaid covers 80 million individuals**—nearly double the size of major commercial insurers like **United Healthcare**.

Massachusetts Medicaid's plan to cover Pear's therapies is good news for other digital therapy entrants, since it hints Medicaid agencies are becoming more open to covering digital therapies.

- For example, a state Medicaid program could eventually cover **EaseVRx** (by **AppliedVR**), one of the first VR prescription therapies to earn breakthrough-device designation for lower back pain.

**Type of Health Insurance that US Adults Have, by Demographic, April 2021**

*% of respondents in each group*

	Employer	ACA (Obamacare)	Medicare	Medicaid	Other	Uninsured
<b>Gender</b>						
Female	38%	6%	28%	14%	8%	6%
Male	42%	8%	31%	7%	6%	6%
<b>Age</b>						
18-34	42%	8%	21%	13%	12%	5%
35-44	52%	5%	18%	13%	6%	6%
45-54	46%	6%	18%	12%	8%	9%
55-64	45%	14%	16%	11%	6%	8%
65+	11%	1%	77%	3%	3%	4%
<b>Race/ethnicity</b>						
Black	22%	12%	29%	18%	10%	9%
Hispanic	35%	8%	24%	13%	11%	9%
White	43%	6%	30%	9%	6%	5%
Other	37%	10%	33%	6%	10%	5%
<b>Total</b>	<b>40%</b>	<b>7%</b>	<b>29%</b>	<b>11%</b>	<b>7%</b>	<b>6%</b>

Source: Healthinsurance.com survey as cited in press release, April 16, 2021

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