

Pear Therapeutics takes the public leap in a \$1.6B SPAC deal

Article

The news: Digital therapeutics (DTx) firm **Pear Therapeutics** [revealed](#) it's going public in a SPAC deal with Thimble Point Acquisition Corp at an estimated value of \$1.6 billion. It expects to have \$400 million in net cash once the deal closes.

How we got here: Pear's news arrives after its [\\$100 million](#) Series D funding in March,—cash it said it would use to get its substance abuse, opioid use disorder, and chronic insomnia DTx

in more insurers' formularies to widen treatment access.

Why it could succeed: Pear will be one of the few DTx companies that are publicly traded.

- Pear's public debut will give it 4x the net cash it received with its Series D round. The cash infusion could help it conduct clinical trials and prove the ROI of its digital therapies to insurers, which should provide more clinical evidence to attract insurer tie-ups (key to getting its tools into patients' hands).
- The DTx firm's announcement could trigger a string of DTx M&As. For instance: We've already **posited Omada Health** could have an IPO on the horizon, especially as it faces pressure from various SPACs and bankers.

What's next? Some commercial insurers cover DTx, but convincing the CMS to reimburse digital therapies could help companies like Pear reach a far more sizable population.

For context, the CMS doesn't currently cover most digital therapies under Medicare or Medicaid—but a temporary rule could begin to change this. In early January, the CMS **issued** a new rule that would automatically provide Medicare coverage for FDA breakthrough devices for a period of four years—but it's since then delayed enforcement of that rule to December 2021. This means DTx companies like Pear (which previously **received** FDA breakthrough designation status for its opioid use disorder treatment, for instance) will likely receive some Medicare coverage, but there's no guarantee it'll be a long-term rule.

Long-term coverage of digital therapies could be mutually beneficial for the CMS and DTx companies.

- The CMS covers over **80 million** individuals under Medicaid alone—nearly double the size of major commercial insurers like United Healthcare, which **boasts 45 million** global members.
- And data reveals the CMS programs like Medicaid **bear** the brunt of costs associated with treating the US' opioid epidemic—something a DTx like Pear's could help stave off by improving health outcomes. Pear's **says** its Dx for opioid use disorder, **reSET-O**, contributed to a **60%** reduction in inpatient and emergency department use, for instance.