

# A prediction we got right: Hinge Health snaps up med device maker Enso in red-hot musculoskeletal market

Article

**The news:** Digital musculoskeletal (MSK) unicorn Hinge Health [scooped up](#) Enso, the med tech developer of an app-based wearable that delivers electrical stimulation treatment to relax patients' muscles and is used in over 100 US medical centers like **Stanford** and **Harvard**, per Fierce Healthcare.

**Why this could succeed:** We [predicted](#) M&A activity would heat up in the musculoskeletal market this year—partly because employers and payers are looking for ways to stave off the long-term costs of chronic pain.

- **20%** of US adults already experience chronic pain, and **70%** of employees say the transition to remote has aggravated their MSK conditions—meaning employers will be on the lookout for cost-effective pain management tools.
- Like Hinge Health, other digital MSK vendors are touting the clinical validity of their solutions in hopes of winning over payers: For example, in July, **Kaia Health** [released](#) positive clinical trial results of a back pain study with the expectation that it could help its app be picked up by an insurer.

**The bigger picture:** Doctor recommendations are a key way MSK developers can boost adoption of their devices, but docs aren't prescribing them due to a lack of insurance coverage—pursuing MA payer tie-ups is a smart way to hit on this barrier.

- Up to **75%** of patients say they're much more likely to wear a device to manage their chronic condition if their doctor recommends it.
- But many docs [say](#) it's difficult to manage their patients' pain without medication like opioids since alternative interventions always aren't covered by payers like Medicare (which [provided](#) care to 24 million beneficiaries in 2020 alone).

That's why Hinge Health's plan to pursue Medicare partnerships this year is a smart one: The startup achieved a **\$3 billion** valuation back in January, at which time it said it would use the funds to broaden its MSK capabilities (a la via its Enso acquisition) in addition to paving its way into the MA space.

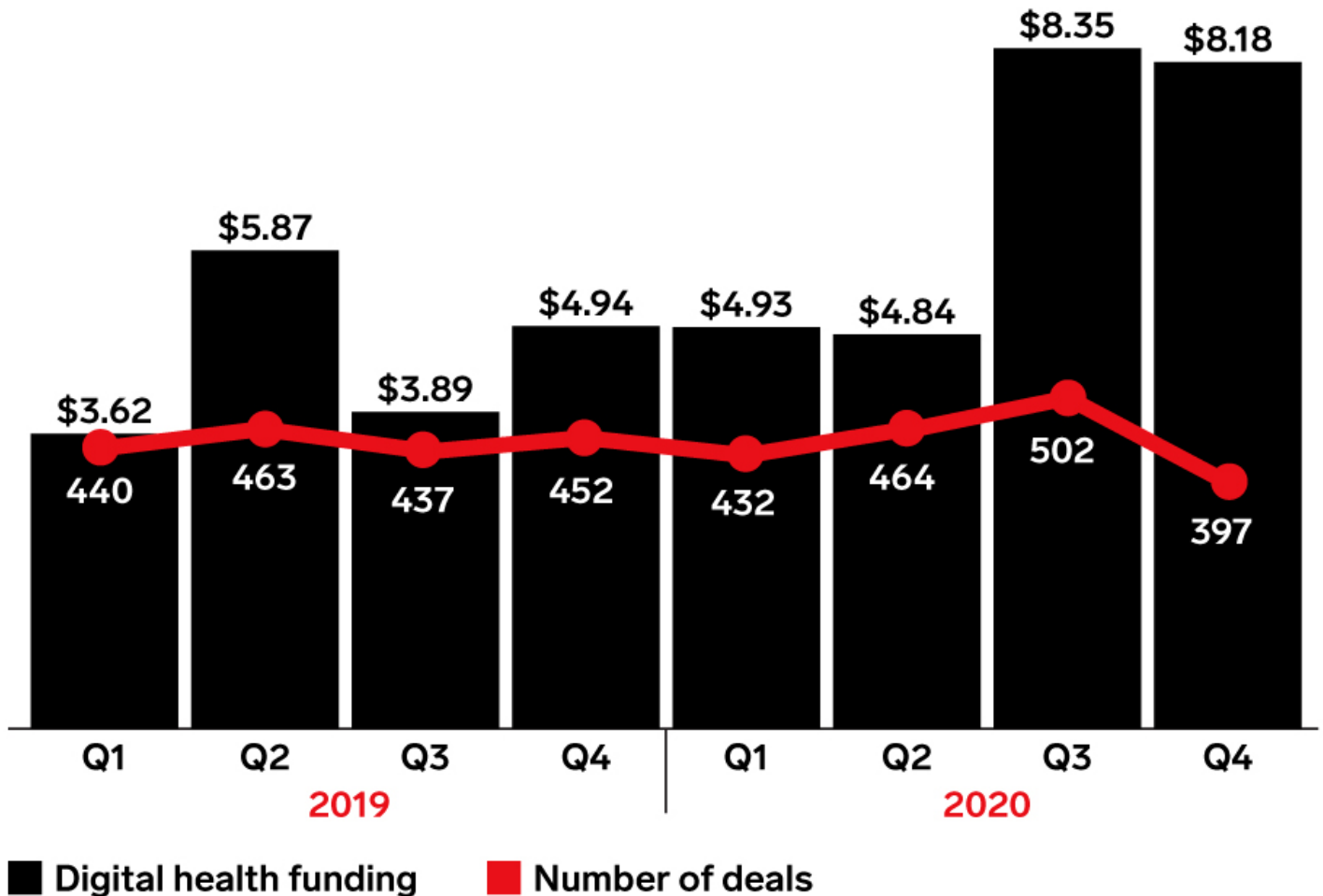
In fact, its Enso acquisition fits neatly within its plan to score new commercial MA partners: The acquisition diversifies Hinge's offerings, which will be attractive to more commercial MA payers so it can expand beyond its current list of insurers, which [includes](#) names like **Consortium Health Plans**. This should help address docs' pain points with a lack of payer

coverage for digital MSK tech—and in turn, convince more clinicians to widely recommend the tools.

**What's next?** Hinge Health's CEO and cofounder **Daniel Perez** [told](#) MobiHealthNews its latest funding haul will let it “go public on a more flexible timetable in 2022.” And a public debut would equip Hinge Health with a considerable cash store to aggressively pursue additional M&As, giving it a competitive advantage over private competitors like **Sword Health**.

# Digital Health\* Funding and Number of Deals Worldwide, Q1 2019-Q4 2020

billions



*Note: equity funding to digital health companies reached \$26.5B in 2020; equity financings into emerging healthcare companies, such as convertible notes, seed, Series A, Series B, Series C, Series D, Series E+, private equity, growth equity, venture capitals, and investment rounds; fundings of only private companies; excludes government and contingent fundings; numbers may not add up to total due to rounding; \*companies in the healthcare space that use technology/software as a key differentiator, including disease diagnostics, tech-enabled health, and AI-driven drug discovery*

*Source: CB Insights, "State of Healthcare Report: Q4 2020"; Insider Intelligence calculations, Jan 20, 2021*

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