Happify Health's first-ever Rx mental health app should worry its peers

Article

The news: Digital therapeutics (DTx) vendor **Happify Health** unveiled the first prescription digital therapy to treat patients with both Major Depressive Disorder and Generalized Anxiety

Disorder, a web and mobile app dubbed Ensemble. The app includes a 10-week program that uses cognitive behavioral therapy (CBT) to help teach patients how to change unhelpful patterns of thinking, and includes a dashboard doctors can use to monitor patients.

Why it matters: None of Happify Health's competitors have launched mental health digital therapies that doctors can prescribe to their patients—and a doctor's stamp of approval will be extremely influential in stoking adoption.

Happify Health's DTx will likely give it a competitive advantage over its peers, considering patients are more likely to use tech if their doctor prescribes it. Over 75% of patients with a chronic condition said they'd use digital health tech if it was recommended by their doctor—which means Happify Health is likely primed to receive more consumer attention than peers like **Orexo, which** only offer direct-to-consumer platforms for now.

Some DTx vendors are conducting clinical trials to test the efficacy of their mental health digital therapies, so we could see more prescription DTx for depression on the market soon. For example, last November, DTx vendor **Koa** teamed up with **Johnson & Johnson's Janssen Pharmaceuticals** to research the delivery of digital CBT to treat treatment-resistant major depressive disorder. And in February of this year, **Click Therapeutics** partnered with **Otsuka** to evaluate the effectiveness of its DTx in reducing depressive symptoms in adults with MDD.

What's next? To get more doctors on board with prescribing their tools, companies like Happify Health will have to convince its payers that their tools will produce a high ROI.

Doctors will be more likely to recommend digital therapies if they're covered by insurance—Happify Health already has a roster of payer partners. For example, Happify Health has been a long-time partner of massive payer **Cigna**, offering its non-prescription digital app to patients to help manage conditions like stress and anxiety.

However, DTx vendors will need to garner enough data to prove how their platform can reduce costs to get big payers on their side. Head of digital therapeutics at Happify Health **Chris Wasden** told Insider Intelligence that proving ROI is one of the biggest hurdles to getting a payer on board to cover a digital therapy. Payers have a rule of thumb as to what ROI they want from a digital therapy vendor, which is usually 3:1 or 4:1. For example, "for every dollar that [insurers] pay for a product, [they'd] want to get $3 of medical cost saving benefit among patients who used it." And then it's ultimately up to the DTx company to convince doctors to prescribe their tools, per Wasden.