Q&A: PlushCare co-founder & CEO Ryan McQuaid on the Teladoc-Livongo merger, Amazon Care, and the future of telehealth

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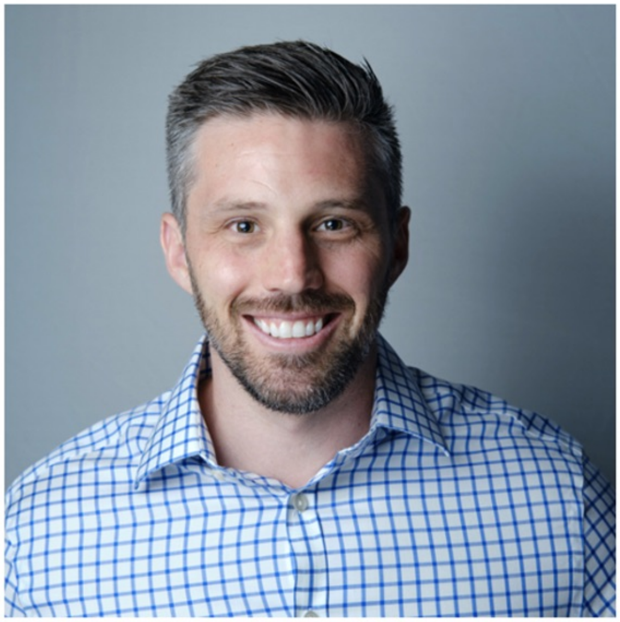

Ryan McQuaid, PlushCare Co-founder and CEO

Teladoc shook the virtual care landscape up when it merged with digital therapeutics firm Livongo in a $18.5 billion deal in October, forming the first ever virtual care giant with a combined 70 million users—holding the potential to overshadow smaller telehealth startups. But Teladoc-Livongo isn't the only disruptive force in telehealth: Amazon is inching closer to scaling its virtual care platform, Amazon Care, beyond its employees to its members.

We spoke with the co-founder and CEO of telehealth company PlushCare, Ryan McQuaid, about the Teladoc-Livongo merger and the looming threat of Amazon Care—and how telehealth companies like PlushCare are differentiating from these virtual care giants to stay competitive.

The following has been edited for brevity and clarity.

Insider Intelligence (II): What strategic shifts has PlushCare made amid the pandemic?

Ryan McQuaid (RM): Our thesis has been that virtual, dedicated primary care is the future. We've always believed that telemedicine would get closer to mainstream adoption. Last year, there was only about 2% market penetration of telehealth visits and the majority of those were transactional ER, call center, doctor-type relationships. We knew consumers were going to have to get comfortable with a virtual primary care provider. Fast forward to today and COVID-19 accelerated what we thought would take a six-year period into a matter of six months. Luckily, we did not need to make major shifts in our strategy because that's already the future that we saw—people getting primary care virtually.

The changes that we did make included immediately staffing up our team significantly as our visit volumes were up 400% from the prior year. We also collaborated with industry partners like Zocdoc to help patients book doctor visits online.

We enhanced our own services related to COVID-19, which included getting people seamless access to testing for COVID-19, including PCR testing [nasal swab test] and antibody testing. Additionally, from a mental health perspective, we were seeing our anxiety visits skyrocket, which led us to launch new behavioral health services this year.

II: Do you think telehealth companies need to diversify their portfolios to remain successful?

RM: We are still very early on in the market, and there's so much potential. As an example, the two largest companies in the online advertising market are Facebook and Google. Combined, they're about a $1.7 trillion market cap and the US online advertising market is about $125 billion annually. The two largest companies in the [virtual care] market today are Teladoc and Livongo, or combined, the same company. They're only a $30 billion market cap, and thus the US physician and clinical services market is $800 billion. This goes to show that there is so much more development to happen in the virtual health space over the next 10 to 20 years, similar to what we've seen happen in ecommerce and software 20 years ago.

II: How will the Teladoc-Livongo merger impact the digital health space?

RM: I think it reinforces what PlushCare's approach has been since the beginning, which is to focus on whole patient care, as opposed to niche care or creating one chronic disease solution for patients when the majority of patients have comorbidities. The healthcare industry must take care of the whole patient, including mental health and physical health. Ultimately, I think [the Teladoc-Livongo merger] is a step in the right direction for the industry. It's showing that the industry is maturing and moving away from just trying to sell point solutions toward improving health outcomes for patients and the healthcare system itself.

II: Given the Teladoc-Livongo merger and the looming threat of Amazon Care, how will telehealth companies prop up their value in the eyes of consumers?

RM: We have seen many large companies enter this market. Google and Microsoft have been trying to enter the space for years, and Amazon is definitely worth watching. But so far, these companies have not had major success stories in healthcare. Regulations, very entrenched and powerful industry stakeholders, and patient privacy and security conflicts with these consumer companies make it challenging for them to deliver a seamless and personalized healthcare experience for patients.

Amazon, for example, is incredible when it comes to commoditized goods that nobody can even come close to as far as their logistics and pricing, but it's not a human-centric service business. For the rest of us, that is something that we emphasize and it's a major differentiator. For PlushCare, that is where we focus...providing human-centric care and being an amazing service business.

II: Do you see more telehealth vendors partnering with digital therapeutic startups within the next year?

RM: Yes. Without a doubt, there's going to be an adoption curve with all these solutions. Digital therapeutics are incredibly valuable for the industry, and they will be something that is part of our toolkit and other virtual visit providers' toolkits to treat patients and improve outcomes.

II: What sets PlushCare apart from its competitors in the virtual care space?

RM: We provide patients with true longitudinal primary care as opposed to just urgent care or a triage service that replaces ER visits. We are hyper focused on obsessing over providing patients with a “wow experience,” through fostering trusted relationships between providers and patients.

When we first started the company, we had a 90 Net Promoter Score. Today, we’ve managed to scale from dozens of visits per week to thousands of visits per week and maintained that same 90 Net Promoter Score. And, as we provide quality care to patients, we are also focused on caring for our providers by managing all of the backend administrative work and allowing them to spend more time with patients. Ultimately, patients are at the center of everything we do.

II: What is keeping you up at night from a business perspective?

RM: There is so much untapped potential in this space. I’m constantly thinking about, how fast the market is going, and what is going to make the market move faster. I also think about our patients and how we can continue to deliver amazing care wherever they live, work, and travel. Lastly, I reflect on how we demonstrate our unique value to ecosystem partners, such as employers and health plans, who want to provide their members and employees with great health outcomes, while reducing costs. Again, there is so much potential ahead.