

Sword Health vaults to \$2B valuation as virtual physical therapy becomes need-to-have in employer-sponsored insurance

Article

The news: Digital musculoskeletal startup **Sword Health** scored **\$163 million** in a Series D funding Round—vaulting its valuation to **nearly \$2 billion**.

More on Sword Health: Sword Health provides virtual physical therapy programs that help people manage MSK conditions, which employers can offer to their health insurance enrollees.

The bigger picture: Virtual physical therapy startups are in hyper-growth mode.

- Sword Health itself has been on a roll with securing funding this year.
- In July, it brought in \$135 million and in January it raised \$25 million.
- And its virtual physical therapy peer **Hinge Health** reeled in a whopping \$600 million in October—bringing its **valuation to \$6.2 billion**, and making it one of the highest-valued digital health companies on the market.

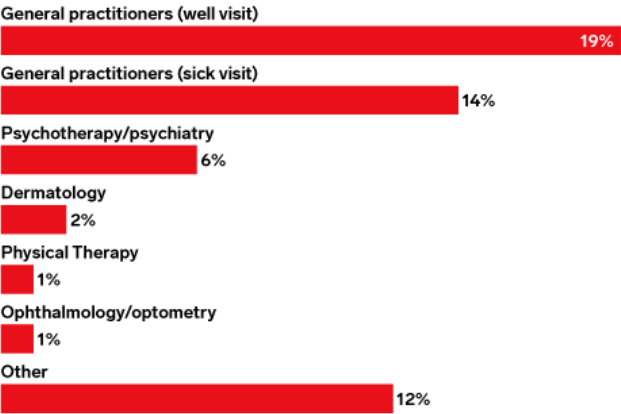
One key driver: Employers are looking for ways to cut back on sky-high MSK care costs.

- **Around one-quarter of US healthcare costs (\$455 billion)** are driven by four care categories—and musculoskeletal care has the second-highest spend (\$130 billion), just behind heart disease (\$181 billion), per Optum.
- For employers, chronic **musculoskeletal pain management costs \$20 billion annually**—that's around 17% of employers' healthcare budgets.

What's next? We could see telehealth firms eye an M&A deal with a virtual physical therapy startup—it could be a huge value add for them in a post-pandemic world.

- Chronic pain is a swelling health issue in the US: **20% of US adults experience chronic pain**.
- Despite high rates of chronic pain, just 1% of telemedicine services used by US adults were related to physical therapy, according to Civic Science's February 2021 study. For context, primary care (33%), mental health (6%), and dermatology (2%) all have higher telehealth usage rates.
- **Plus, the virtual physical therapy market is projected to be worth over \$9 billion by 2027**, per Fortune Business Insights.

Usage of Telemedicine Services According to US Adults, by Type of Medical Appointment, Feb 2021
% of responses



Note: n=3,753 ages 18+
Source: CivicScience as cited in company blog, Feb 15, 2021
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