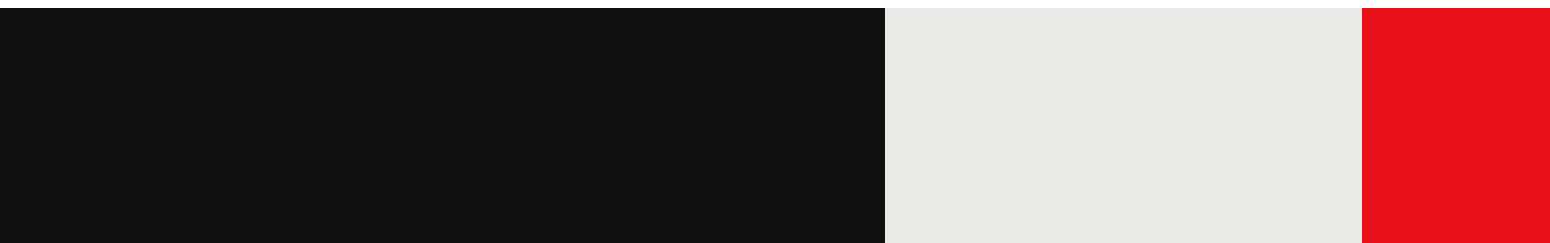



Two health benefits platforms agree to strategic merger

Article



The news: Health benefits and care navigation startup **Transcarent** is buying **Accolade**, another benefits platform, for \$621 million. [Transcarent](#) will finance the transaction with investments from General Catalyst and 62 Ventures, a venture fund created by Transcarent CEO Glen Tullman. The deal is pending approval and is expected to close in Q2.

Why it matters: The combined entity will be able to direct employees to lower-cost care and treatment options more easily. This will ultimately help employer and health plan customers better manage their healthcare spending, at a time when these costs are at a historic high.

Transcarent's services help employees find affordable and high-quality providers within their health plan and manage their care plans across complex medical areas such as cancer, surgical procedures, MSK conditions, and weight management. Accolade has some of the same offerings with a greater focus on primary care and medical opinion services.

Now, some 18 million combined members will have access to a much larger pool of clinicians and facilities that work with both companies.

Key stats: Employers' healthcare costs are projected to rise nearly 8% in 2025, the highest rate in 15 years, per a recent study from the Business Group on Health. Cancer (cited by 80% of employers), MSK conditions (74%), and cardiovascular diseases (40%) are the top medical conditions driving up costs.

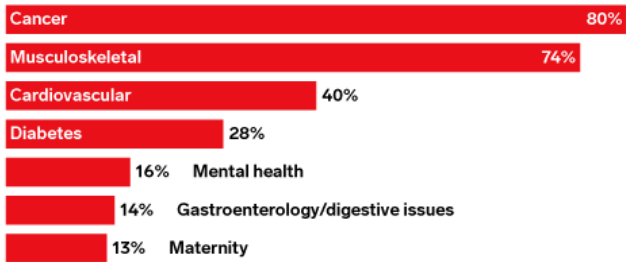
The bigger picture: The sheer size of this deal could be an indicator that more digital health M&A will be coming in 2025 [following a dropoff over the past few years.](#)

Many players in this space that went public or hauled in hefty funding rounds during the pandemic-fueled digital health boom have struggled to live up to their sky-high valuations and have become cheaper acquisition targets.

- For example, Accolade hasn't fared well in the public market following its IPO valuation of \$1.2 billion in 2020, trading just under \$4 before this week's deal.
- But the company's stock soared ~105% following the news that the privately held Transcarent agreed to purchase it.

Top Health Conditions Driving Costs According to US Employers, July 2024

% of respondents



Note: top 7 responses only
Source: Business Group on Health, "2025 Employer Health Care Strategy Survey" as cited in company blog, Aug 20, 2024

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