Cedar makes multimillion-dollar acquisition to move into insurance

Article

Billing software startup Cedar, has entered into a definitive agreement to purchase OODA Health, a healthcare technology company focused on improving the healthcare administrative experience, for $425 million, per a press release. The acquisition was partly funded by Cedar's $200 million Series D raise in March, which valued it at $3.2 billion.

Cedar already tackles the complicated billing process between patients and healthcare providers, and now it can also handle the insurance bills. Annually, over 12 million patients across more than 35 healthcare providers use Cedar—which pulls billing information from electronic health records—to verify their insurance, pay a copay before the visit, and pay their outstanding bill after a visit. With the OODA acquisition, Cedar can enhance its value proposition by working directly with insurers instead of only working with healthcare providers. OODA enables patients to get one billing statement from their insurers that incorporates deductibles and other payments options. It also provides the flexibility of payment plans, reducing customers' risk of having to pay a giant bill in one go, or ending up in collections.

The OODA acquisition positions Cedar as an end-to-end solution for consumers' financial healthcare needs, and it should now further build out its healthcare network.

- **Solutions like Cedar's can help consumers better manage their healthcare expenses.** Eighty-four percent of US adults are worried about paying their medical bills in the next year, and 1 in 10 consumers simply won't pay their bill if they don't understand the administrative process, per a Cedar study. Such worries were likely amplified by the crisis as healthcare costs are expected to rise, while consumers' cash flow has declined.

- **As a next step, the new entity should focus on expanding its healthcare provider network to capture all medical needs for consumers.** It could also look into offering advice for users on which healthcare providers fall under their coverage, have the services that meet their needs, and are the most affordable services. Insurtech Sidecar Health boasts this kind of offering, letting users shop around to find the best provider using pricing information that Sidecar provides through its mobile app.

What Confuses US Healthcare Consumers the Most About Their Health Insurance?
% of respondents, Jan 2021

What counts towards deductible	52%
What procedures are covered	47%
What's in- or out-of-network	47%
What can I use FSA/HSA* on	43%
If I qualify for discounts	28%
Do I even have coverage	15%

Note: *Flexible Spending Account/Health Savings Accounts
Source: Bend Financial survey conducted by OnePoll as cited in press release , Feb 3, 2021
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