



AT A GLANCE

Driving meaningful change in a slow-moving health care landscape can be daunting for both innovative startups and larger enterprises. Innovators have the latest models and technologies, but often lack the ability to scale. The opposite is true for health plans, who have access to scale, but often lack the agility of a disruptive startup.

A traditional, transaction-focused approach to investment often falls short in transforming health care. Redefining that model, Echo Health Ventures offers a strategic approach to investing, deeply engaging with portfolio companies and its parent organizations to accelerate mutual growth and success. This case study highlights Echo's facilitation of a partnership with one of its parent organizations, Cambia Health Solutions, and portfolio company Livongo Health, in a shared mission to fight the debilitating impacts of chronic disease.

STRATEGIC PARTNERSHIPS:

Developing High-Value Relationships to Improve Consumer Health



Eighty-six percent of the nation's \$2.7 trillion in annual health care expenditures is for people with chronic and mental health conditions, according to the Centers for Disease Control and Prevention (CDC). Diabetes alone costs the U.S. health care system and employers \$245 billion every year.¹

Chronic conditions are a huge drain on the pocketbooks of consumers—and on employers and health plans. They also impact the quality of life for those afflicted. Poor decisions about diet, physical activity and tobacco use, among others, can further impact well-being and costs.

The situation, while intractable, has led to tremendous opportunity for innovation. Experience shows that even innovative companies can't improve the health of consumers independently. To make real and sustainable progress, companies need to form meaningful partnerships and collaborate in new and creative ways.

A case in point, Echo made a strategic investment in startup Livongo to work toward a shared mission: improving the experience, health and affordability for consumers by transforming the health care experience using a consumer-focused design approach. Echo's investment approach is unique to the industry and brings far more to the table than capital. With a focus on developing deep, high-value relationships, coupled with an understanding of health plan operations and deployment, Echo helps accelerate innovation.

Working collaboratively with Cambia, the three have set out to reverse the staggering statistics of chronic illness, combining Cambia's scale with a shared vision to redesign health and health care to be more consumer-driven with Livongo's proven whole-person approach to empowering people with chronic conditions to live better and healthier lives.



“The Echo Health Ventures investment and the strategic relationship with Cambia Health Solutions further complement our work,” says Glen Tullman, executive chairman of Livongo. “The solutions we build with Cambia will reflect our shared perspective to empower members through applied health signals and silence noisy health care.”

1. <https://www.cdc.gov/chronicdisease/about/costs/index.htm>

IMPACTING THE LIVES OF CONSUMERS

Rather than accepting chronic conditions as an insurmountable burden on the U.S. health care system, Livongo saw an opportunity to help individuals live better and healthier lives. In fact, this has been the company's mission since 2014, the year it launched the Livongo for Diabetes platform.

Livongo for Diabetes is much more than another technology. Designed with a relentless focus on consumers, the solution meets members conveniently in their everyday lives with a personal touch. It combines technical monitoring with caring, compassionate certified coaches who use applied health signals to contact members in a personalized and relevant way. Through human intervention, patients are empowered in their own care and make positive behavior changes.



Patients stay connected to the Livongo platform using connected devices, including Livongo's proprietary cellular enabled bi-direction blood glucose meter. However, Livongo also knew technology alone was not enough. To reduce barriers to care and add value to the member's experience, test strips and diabetes supplies are free, unlimited and delivered right to the member's door.

Those participating in the program find immediate value. In initial studies, during a 12-month period patients experienced an 11.1 percent decrease in total medical spending and improved glucose control.

EXPANDING DISTRIBUTION AND SCALING THE BUSINESS MODEL

Upon launch, Livongo successfully distributed its diabetes platform to consumers through large self-funded employers. But Livongo didn't want to stop at diabetes or large self-funded employers. The company also wanted to help people with other chronic conditions, such as hypertension, pre-diabetes and weight management. The challenge was to scale the business quickly—expanding its reach and diversifying operations—with the same momentum seen with the diabetes platform.

To that end, Livongo sought to partner with health plans. "Health plans have reach into the local market where health care is delivered," says Michael Sturmer, senior vice president of the Health Services Segment for Livongo. "They deliver services to all sizes of employers, including segments like Medicare and Medicaid.

Chronic conditions don't ask what size employer you work for. That is where we knew partnering with health plans would help us scale and get solutions to all people with chronic conditions."

Upon investing in Livongo, Echo saw an opportunity for potential partnership between Livongo and Cambia.

Cambia is dedicated to transforming the health care industry so that the system is more economically sustainable and efficient for patients and their families. Cambia serves 70 million Americans nationwide, including more than 2 million people in the Pacific Northwest who are enrolled in regional health plans.

According to Matt Koehler, vice president of Platform Solutions at Cambia, "In our mission to promote a person-focused health care system, we design products for our member base and consumers nationwide using an innovative, human-centered design approach. However, as a large enterprise, we aren't always as nimble as startup organizations. Echo helps bridge the gap to propel and accelerate our product roadmap."

Cambia has a deep appreciation for the number of point solutions in the health care space. With a dedicated strategy and partnership team, they are able to monitor the market for innovative companies offering an array of solutions, from infrastructure to clinical. Working collaboratively with Echo, they identify tools and technologies to help accelerate their own strategic plan.

WORKING TOGETHER TO MAKE A DIFFERENCE

Livongo filled a technology void for Cambia and provided a solution to help members better manage diabetes. Echo was the matchmaker that brought the two parties together.

First, Echo worked collaboratively with Cambia to accelerate due diligence and recommend a strategic investment. The market development team then facilitated introductions with key individuals at Cambia to align business and technology workstreams.

According to Gregg Shibata, Echo's principal of Market Development, "There's no playbook to guide large enterprises like Cambia in helping innovative startups. Working with our parent company, we are learning how to bring the right parties together to expedite conversations and broker relationships. By understanding problems and how to solve them, we nurture transparent and open communication to help everyone succeed."



This unique model allowed Livongo to get a glimpse inside Cambia's organization. All parties enthusiastically evaluated the current state, laid out where they wanted to go in the future and discussed how they could help each other. Through open and honest dialogue, the teams were able to make rapid progress.

Sturmer appreciates Echo's market development team and says they have been fundamental in driving Livongo's integration with Cambia. "All investors make introductions. But they don't all have the resources to curate relationships into something foundational. It is tremendously valuable for Echo's market development team to match us with the right people at Cambia. If we understand how our solution fits within their vision, we can think more strategically about how to help. Their business development approach is truly best practice among investors."

With Echo's help, Livongo became part of Cambia's macro-solution. Cambia is implementing the diabetes platform among several large populations with a roadmap to reach its entire member base.

"We see great potential in collaborating with Livongo to transform the experience Americans have in health and in sickness," said Mark Ganz, Cambia's president and chief executive officer. "Livongo is a kindred spirit on our journey to make health care more person-focused and economically sustainable."

By learning from the business processes implemented to support diabetes, Cambia hopes to tackle hypertension, behavioral health and other chronic illnesses impacting the lives of its members.

DRIVING POSITIVE HEALTH OUTCOMES

Through Echo's strategic investments, Cambia finds complementary tools and technologies to provide a seamless health care experience for consumers. By implementing Livongo's state-of-the-art diabetes solution, Cambia is able to free up internal resources for other important initiatives.

Cambia offers frame and structure to investments, helping Echo accelerate the innovations of portfolio companies. Echo's market development team, specifically, is helping guide Livongo to scale nationally. With over 130,000 members and over 650 clients, including four of the seven largest health plans and the nation's two largest pharmacy benefit managers, Livongo is poised for continued growth.

The Livongo-Echo-Cambia partnership illustrates the value of collaboration and alignment around a common mission. Technology is driving changes in the health care landscape, and collaborations like this one enable the success of smart innovations in a highly complex marketplace. Small improvements in the management of chronic conditions can help alleviate financial strain on the system as a whole, while also improving the quality of life for individuals.



Echo Health Ventures LLC invests to build and grow tomorrow's great health care companies. The company invests across every stage and works with portfolio companies to challenge and transform the health care system. As a strategic collaboration of Cambia Health Solutions and Mosaic Health Solutions, they work closely with their parent organizations to catalyze the development of portfolio companies and accelerate their innovations to scale nationally.

Livongo Health empowers people with chronic conditions to live better and healthier lives. Signature offerings include Livongo for Diabetes, Livongo for Hypertension, and Livongo DPP powered by Retrofit. Livongo's objective is to serve the whole person, addressing each of their chronic conditions on a single platform, creating a truly seamless experience.

Cambia Health Solutions, headquartered in Portland, Oregon, is dedicated to transforming health care. They put people at the heart of everything they do while working to make the health care system better and more economically sustainable for people and their families. The company reaches more than 70 million Americans nationwide, including more than two million people in the Pacific Northwest who are enrolled in their regional health plans.

