Pioneer's Perspectives

DTxDM East

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Industry Expert Interview:

Palo Alto Health Sciences

Debra Reisenthel
President & CEO

Debra is founding CEO of Palo Alto Health Sciences, a digital therapeutic company providing evidence-based, at-home, drug-free solutions in behavioral health. Freespira® is an FDA-cleared treatment for panic disorder, panic attacks and symptoms of panic. Debra has broad operational and leadership experience in start- ups as well as large corporations. Debra holds an MBA and R.R.T credentials. She has been a guest entrepreneur for 5 years as part of a Harvard Business School case study and supports entrepreneurs through her work with Astia and with CSweetner as a mentor to female executives.

Where are the following in their current Assessment of the Digital Therapeutics and Digital Medicine Industry?

Payers:
It is early days for payers in this space. Many are adapting, creating innovation teams and funding pilots that have the promise of reducing costs and improving outcomes, but progress is currently slow. They are overwhelmed with digital companies pitching to them and need to prioritize in favor of large markets based on a population health model. The best way to get the attention of payers is to offer a solution that addresses an expensive population with clinical evidence, FDA clearance and the data to show cost reduction. The payer may only agree to fund a pilot to confirm the previous results, which has pluses and minuses.

Providers:
It's similar for providers. They are currently overwhelmed, especially in the mental health field, and PCPs in risk-bearing environments are overworked due to the focus on improving care and reducing costs. Focusing on these risk groups can be key for digital companies, but even if providers love the idea of your product/ service, they often don't have the bandwidth to try it. The best bet is a solution that can quickly show impact on time and costs.

Investors:
Clearly investments in digital health have been skyrocketing. That said, my experience and that of many CEO colleagues is that traditional life science investors remain skeptical of the digital business models and thus require significant traction, signed customer contracts and revenue, while digital health/IT investors can be skeptical of the FDA process with devices and resist the significant investment in clinical trials.

Where are we seeing progress made across the industry?

Most digital therapeutics companies are recognizing that they need clinical studies, FDA approval, and a health economics story. This brings credibility to the industry and "lifts all boats" as digital companies work with payers, providers and investors. Employers are taking increased responsibility for their employees' healthcare costs and offerings. Many of the US' largest companies belong to Innovation groups like NBGH. This group frequently offers the opportunity for innovative companies to present their solutions for improving outcomes and reducing costs to employers. It is a competitive application process, but once selected, the company can make their case to Benefits leadership at these companies.

What hurdles need to be overcome now, for this industry to reach its full potential?

No question, a smoother path to reimbursement for novel digital therapeutics is critical. The bar is high for payers to widely reimburse these novel products. Payers require a significant number of peer-reviewed papers for coverage and reimbursement decisions. They are looking for substantial adoption before they will create medical policy and pay for a digital therapeutic.

What are you most looking forward to at DTxDM East?

I am looking forward to learning from digital companies about their journey toward payer reimbursement and successful commercialization of their business models. DTxDM is the perfect forum for networking and creating partnerships.