

Today's News Tuesday, April 21, 2015

Oscar Raises \$145M

Oscar Health Insurance announced yesterday that it has raised \$145 million in funding from investors, led by Peter Thiel and Brian Singerman of Founders Fund, as it prepares to expand into California and double its staff in New York. Other investors include Li Ka-shing of Horizon Ventures, the Wellington Management Co. and Goldman Sachs, the company said. The new investment round values the Manhattan insurer at \$1.5 billion, said a person with knowledge of the deal. Oscar has raised \$320 million, including \$25 million in initial reserves, since its founding in July 2013 by Kevin Nazemi, Thrive Capital's Josh Kushner and Mario Schlosser. The insurance company launched while New York's state-run insurance marketplace was preparing for its debut later that year. Oscar has about 40,000 members in New York, up from 17,000 last year. Oscar's market share is about 10% to 15% in the nine New York counties where it operates, up from about 4% to 5% last year. The company's estimated revenue from premiums is \$200 million in 2015. More about Oscar is online [here](#).

Collaboration Program

Back in 2013, the Home Care Association of New York State and the Iroquois Healthcare Alliance pushed for an initiative that supported home health care providers, hospitals and doctors as they hashed out collaborative models. Their ally was state Sen. Kemp Hannon (R-Nassau), who in February introduced legislation (S.1110) that established a program in the Department of Health "to facilitate innovation in hospital, home care agency and physician collaboration in meeting health care needs in communities." The bill was adapted in the state budget; it creates a statute within the Public Health Law to support "Hospital-Home Care-Physician Collaboration" programs. The collaboratives can include long-term care facilities, behavioral health, supportive housing and other providers. The new statute provide a framework for programmatic, financial and regulatory support to facilitate transitions in care; use of clinical pathways; application of telehealth/telemedicine services; health home development; development and demonstration of new models of integrated or collaborative care; bundled payment demonstrations; and other initiatives. HCA said the new models are distinct from DSRIP in that they are "more open and flexible, may be smaller or larger in scale, and may be developed and implemented by different configurations of collaborating providers."

Finding CMS' Stars

Several New York hospitals weren't pleased with CMS' new five-star rating system last week, which awarded the top grade to only one local facility, Northern Westchester Hospital. But many Northeast hospitals felt shortchanged. Only 6.4% of five-star hospitals came from that region, according to an analysis by Dr. Ashish Jha, health care policy researcher at the Harvard School of Health. "Large, nonprofit, teaching, safety-net hospitals" located in either the Northeastern or Western U.S. were far less likely to get those five stars than "small, for-profit, non-teaching, non-safety-net hospitals located in the South or Midwest," he wrote yesterday. The analysis, conducted by Jie Zheng, the chief analyst on Dr. Jha's team, found that 213 of the 236 five-star hospitals in the country had fewer than 100 beds. Only seven of the 800 safety-net hospitals serving the highest proportion of poor patients received five-star ratings. Read Dr. Jha's post online [here](#).



Barbara Benson
Assistant managing editor



Jonathan LaMantia
Contributing reporter

Gait-treatment therapy aims for NYC-first U.S. strategy

Israel-based joint-treatment company AposTherapy has trained three New York-area physical-therapy practices in the past two months. It hopes to have 30 clinics signed on by the end of the year, its CEO said.

The deals mark a departure from the strategy the company pursued when it first came to New York just over a year ago. Its product, a special sneaker a patient wears each day, realigns a person's gait to reduce knee or hip pain. AposTherapy first pitched the noninvasive therapy as an out-of-pocket way for patients to avoid expensive surgery, with the plan to license the technology nationwide, but is now focused on making a name for itself among New York City's physical-therapy community.

"We're not looking outside the New York metro area in 2015," said Chief Executive Officer David Levy. "We want to get it right in New York first, like in the Frank Sinatra song." AposTherapy's pitch to therapists includes two weeks of free training in the company's technique, after which the practitioner is licensed to recommend the technology for a patient.

AposTherapy sells its technology at a wholesale price to the therapist, who resells it to patients. The new model also means patients are more likely to trust the technology because they're learning about it from their therapist, not a call center.

"Our strategy of direct-to-consumer advertising, getting people into clinics and building other clinics was really expensive and very hard to scale, because acquisition costs per patient are quite high," Mr. Levy said.

So far, the company has signed on One Physical Therapy, ProHealth and Fitness, and Somers Orthopedic Surgery and Sports Medicine Group, making it available in Manhattan, Nassau, Westchester and Putnam counties. It has 15 to 20 agreements "in the pipeline," Mr. Levy said. It is also pitching hospitals that are beginning to be paid for performance, for which a technology like AposTherapy could stave off a potentially invasive and expensive surgery.

At a Glance

IN MEMORIAM: John "Jack" S.T. Gallagher, founding president and chief executive of the North Shore-LIJ Health System, died suddenly on April 18 of a heart attack at his home in Palm Beach, FL. He was 83. As president and CEO of North Shore University Hospital, Mr. Gallagher established the North Shore Health System in 1992 and merged it with Long Island Jewish Medical Center in 1997. Calling hours are April 23, 3 p.m. to 5 p.m., and 7 p.m. to 9 p.m. at the Oyster Bay Funeral Home. A Mass of Christian Burial is on April 24 at 10 a.m. at St. Gertrude's Catholic Church in Bayville.

EVENT: Daniel B. Sheppard, DOH's deputy commissioner of the Office of Primary Care and Health Systems Management, will address health care transformation initiatives as the keynote speaker at the New York Association for Ambulatory Care's annual meeting on April 22. The agenda for the program, which begins at 5:30 at Columbia University Medical Center's Faculty Club, is online [here](#).

Crain's Health Pulse is available Monday through Friday by 6 a.m. **No part of Crain's Health Pulse may be reproduced, distributed, or transmitted in any form or by any means**, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of Crain Communications, Inc., except in the case of brief quotations and certain other noncommercial uses permitted by copyright law. Permission/reprint requests? Contact Alicia Samuel - email her or call 212-210-0750. For site license subscriptions, please call 1-800-669-6562.

