

Investment Thesis Report: Healthcare Staffing

April 2022

Contents

Abstract

Current Trends and Problem Identification

Affected Suppliers – Nurses, ICU Workers, Mental Health Providers

Investment Areas – Travel Nursing, RPM, Education Programs, Telepsychology

Moving Forward

Abstract

Staffing shortages are affecting various industries throughout the U.S. and across the world, and these issues are especially prevalent and devastating in healthcare. The shortages surrounding nurse staffing have been widely publicized, but other suppliers are affected negatively as well. Similar to nurses, ICU workers and mental health providers have been experiencing increased staffing shortages that affect the three key stakeholders of patients, individual providers, and healthcare systems negatively in different ways. There are a variety of underlying factors causing these immense staffing shortages in healthcare and beyond, primarily relating to changing worker demands since COVID-19 and the generational shift of the aging U.S. population. Such factors are likely not going to revert back to their previous state or be solved within a short time frame or with a single company, but there are an array of currently existing solutions within healthcare that have the potential to improve staffing and its negative consequences. Travel nursing and remote patient monitoring are two popular solutions with massive competition, while telepsychology and improved virtual education programs are more

niche industries that have only really started to grow since the pandemic. As staffing becomes a growing issue within healthcare, companies within these areas and the proprietary software and technologies that they use to make themselves unique offer intriguing investment potential.

Current Trends and Problem Identification

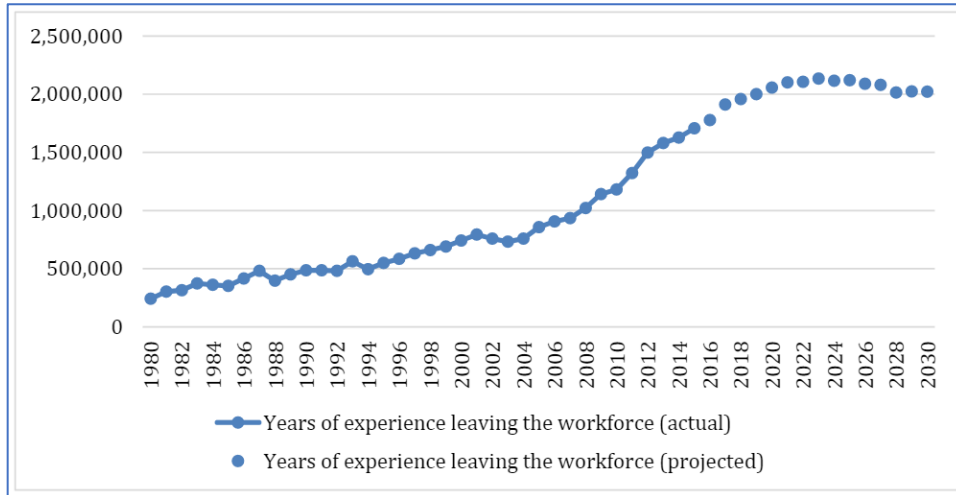
COVID-19

Despite being over two years into the pandemic, hospitals are still struggling with COVID-19 in many ways. These struggles are highlighted by the same worker shortages that are plaguing many parts of the U.S. economy today. Hospitals in particular continue to grapple with rising turnover, widespread burnout, and safety issues. This is highlighted by the fact that, according to the Bureau of Labor Statistics, 4.5 million Americans in total quit their jobs in November 2021, with healthcare workers having the second highest quit rate at 6.4%. Despite COVID-19 subsiding for the most part, these numbers have only worsened in recent months, as healthcare workers are becoming infected with new COVID variants as well as seasonal illnesses such as the flu or common cold, placing further stress on the systems and staff. A quarter of U.S. hospitals have reported that they faced critical staffing shortages in January 2022, according to a recent survey. Considering there is no telling if or when the pandemic will end, one can only assume that the increased burden that COVID-19 places on healthcare workers and the coinciding uncertainty relating to staffing will continue. Furthermore, the effects of COVID on healthcare and staffing will have lasting impacts, as it has led to fundamental changes within the U.S. economy and workforce.

Generational Shift

Another key factor in the shortage of healthcare workers is demographic change, specifically the generational shift that the U.S. Census Bureau has termed the “gray tsunami”. It is no secret that baby boomers dominate the population in terms of numbers, but they are reaching the age of retirement and it is having large effects on the workforce. While the aging population is affecting all industries, it has proven to be especially devastating in healthcare. This is because an unprecedented number of baby boomer females entered the healthcare industry, particularly nursing, in the 1970s and 1980s after certain policy changes. The number of baby boomer nurses peaked at 1.26 million in 2008, but this group has recently begun to retire in large numbers. Currently, 47.5% of all RNs are over the age of 50, and this trend will only continue with over one million baby boomer RNs projected to retire from the nursing workforce in the next decade. Not only does this mean losing the expertise and numbers of experienced nurses, but it also means losing the leadership and mentorship that they provide for the younger generation of nurses. To solve this two-fold problem, companies must consider both what can be done to keep retiring nurses in the workforce longer and how to incentivize the younger generation to go into nursing. Both facets will be key in solving the problem, as there is no reason to believe that the healthcare staffing shortage will alleviate on its own in the near future. The chart below illustrates this point, as the model predicts that the average years of experience leaving the workforce will soon plateau at a number almost double what it was just ten years ago. This plateau should not be interpreted as the problem leveling off or staffing shortages evening

out, but rather a sustained peak and worsening of the problem as supply plummets.



On the other hand, the “gray tsunami” shift brings about the problem of an increased demand for healthcare, as older people are more likely to require care. The senior demographic (65+) in the U.S. has grown rapidly, jumping 73% from 41 million in 2011 to 71 million in 2019. Furthermore, the U.S. Census Bureau projects that number to continue to rise. Lengthened lifespans stretch out the timeframe when patients require services and the number of patients needing service, thus adding pressure to an already strained healthcare system. Therefore, the generational shifting and aging U.S. population is currently and will continue to negatively impact staffing and patient treatment on both of these fronts.

Gig Economy

The new era we are living in has seen the inception and growth of what has come to be known as the gig economy, which is characterized by the increased popularity of short-term contracts and freelance work rather than long, immobile stints in singular roles. This new way of business and life has transformed other industries such as transportation and food already, with examples being Uber and Grubhub (respectively). Such dual-market, gig-minded companies have achieved great success due to the flexibility they offer on both ends and the seamless ability

to connect customer and provider. With a similar gig model, hospitals would be able to hire a provider for a specific length of time based on the provider's wants and their own staffing needs, whether it be one day or several months. This enables hospitals to hire fewer full-time staff, allowing them to meet their staffing needs at lower costs. It simultaneously enables healthcare employees the flexibility and often the higher pay that they desire, as they can choose the location and duration of their gigs. Therefore, if health systems are able to modernize and adopt a gig economy mindset, advantages will be seen on both ends. It should be noted that this transition has already begun, with certain companies and niche industries pioneering the way through areas such as travel healthcare, which is discussed in further detail below. However, there are certain drawbacks to gig work that are unique to nursing. For example, a travel nurse might not be as well trained or have worked with the care team before, causing confusion or poor patient care compared to a full time employee who has been through intensive onboarding by the health system.

Increased Worker Demands

The aforementioned changes within the economy and population have altered the priorities of workers within the healthcare industry. The freedom and flexibility that the gig economy provides is essential nowadays, as workers are increasingly craving independence and the ability to meet immediate needs. First and foremost, the pandemic has highlighted the desire for workplace safety. Multiple studies have shown that concerns of COVID safety are one of the highest (if not the highest) reason for healthcare workers retiring early or moving to a different industry, as they fear getting sick themselves or bringing sickness home to their families. Second, workers across the world are now craving increased flexibility, which the pandemic has shown is possible via work from home. It has clearly been demonstrated that WFH is feasible in

other industries but is for the most part lacking in healthcare. Because of the absence of work from home and flexibility in the industry, healthcare workers are leaving their tedious 18+ hours shifts at the hospital for this freedom that they value so highly. RN and Senior McKinsey Partner Gretchen Berlin explains this further by highlighting the importance of “flexibility in the care setting... Allowing folks the ability to have the intense experience in the ICU when they want it, but also to have the ability to go elsewhere to get different experiences—obviously all within appropriate licensure and clinical standards - depending on what’s going on with them individually or with the rest of their lives”. Another increased priority amongst the younger generations is money, which certain healthcare workers (particularly nurses) have increasingly grown frustrated with. Studies have shown that the younger generations are increasingly motivated by money, which is critical to note with the large outflux of baby boomer nurses that was mentioned previously. Overall, it is clear that workers today are not prioritizing the same things that they were pre-pandemic, and this is not surprisingly resulting in healthcare workers leaving the industry for areas that do support these values such as tech. It is important for healthcare and technology to adapt to meet these evolving needs to help encourage nurses and other providers to be motivated to join and stay in the industry.

Hospital Costs

Not only do the recent healthcare staffing shortages negatively impact individual workers as well as patients, but hospital systems themselves are also hit hard by the rising expenses caused by these nationwide labor shortages. This could be considered a less obvious effect, as greater hospitalizations due to COVID and the aging population would suggest greater overall hospital revenue; however, hospital profit margins have significantly narrowed due to the rising costs.

Erik Swanson, Senior Vice President of Data and Analytics at Kaufman Hall described another

aspect of the phenomenon by saying that “hospitals are grappling with higher labor costs despite lower staffing levels, due to intense competition for qualified healthcare workers.” In the last several months, patient volume and profit margins have remained low, while expenses are high compared to pre-pandemic trends. A recent study by Premier found that staffing shortages cost hospitals \$24 billion during the pandemic. Even with the pandemic hopefully alleviating, sustained cost increases are projected to continue to outpace revenue growth, thus sending hospitals into a downward spiral of debt and staffing shortages. This demonstrates the point that this problem will not alleviate soon, and it will likely only get worse in the near future. Therefore, solving the problem of healthcare staffing is of the utmost importance, and it benefits people on all fronts: patients due to better outcomes and more personalized care, individual providers due to increased flexibility and pay, and health systems due to their lower operating costs.

Key Stakeholders

Solving the problem of healthcare staffing is beneficial on all fronts. Patients, who are currently burdened by suboptimal medical outcomes and high costs, would attain better outcomes and more personalized, immediate care with improved staffing. Individual providers are currently experiencing rapid burnout and changing needs in the workplace but would see increased flexibility and pay in many cases if staffing were improved. Finally, health systems would be able to both lower their operating costs and increase capacity if their staffing needs were met. As each of these stakeholders are constantly interacting within the world of healthcare, solving the staffing problem provides the opportunity to create a more interconnected, healthy environment for all. The next step is diving deeper into these stakeholders and their makeups, particularly on the provider level, as this is where the shortage exists.

Affected Suppliers

Nurses

Perhaps the most devastating and certainly the most popularly noted affected healthcare supplier has been nurses. Nationally, 80% of nursing leaders have reported an increase in nurse turnover due to the pandemic. According to a 2021 study by Incredible Health, a travel nursing company that will be discussed in more detail later in the report, the demand for intensive care and emergency nurses grew by 186% over the past year. A recent McKinsey study found that over 30% of nurses are thinking of leaving their jobs in direct patient care, and then proceeded to conduct a survey of 314 of such nurses to determine what the main factors in their decision to leave were. “Insufficient staffing levels” is depicted as the most important factor, with only 8% saying that this was not an important part of the decision to leave. Many of the other commonly noted factors are closely related to staffing and would likely be taken care of for the most part if the issue of nurse staffing was addressed. For example, issues surrounding the “demanding nature/intensity of workload”, which is shown to be the second most important factor in nurses leaving their roles, would surely subside with more nurse staff available.

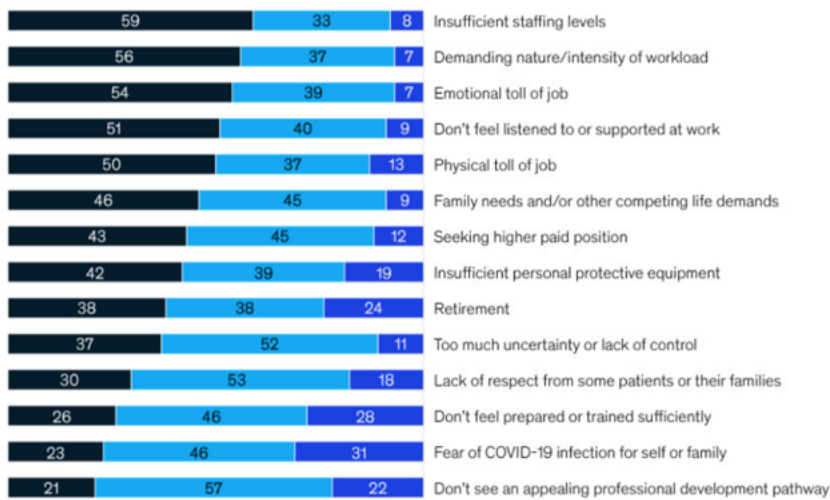
Staffing, workload, and the emotional toll of the job are the most important factors in nurse respondents' decision to leave.

Over half of nurses reported insufficient staffing levels, intensity of the workload, and emotional toll of job as important factors in the decision to leave current position.

Factors influencing decision to leave current position^{1,2,3}

% of respondents, n = 314

■ Important ■ Neutral ■ Not important



¹FACTORSLEAVE: Rate the following factors for how important they would be in a decision to leave your current role providing direct patient care, if you were to decide to leave.

²Excludes respondents who indicated "other" (n = 29). This group most frequently noted "management support," and similar variations, which were consistent with "don't feel listened to or supported at work." Figures may not sum to 100%, because of rounding.

³Responses were categorized as follows: Not important (1-3), In between (4-7), Important (8-10).
Source: 2021 Future of Work in Nursing Survey

McKinsey & Company

The statistics are shown above and in many online and news sources, and the problem boils down to the mismatch of supply and demand and the negative impacts that has on each of the key stakeholders involved. Examples of such consequences include an increased risk of medication-mismanagement and error, shorter patient visits, and higher death rates overall. In fact, a related study revealed that a patient's risk of post-care-associated infection increased by 15% in facilities with low hospital staffing levels, which is just one of many studies highlighting the potentially fatal implications of not having enough nurses.

ICU Workers

Another group of providers that have been hit especially hard with burnout and rapid turnover is ICU workers. For one, ICUs have been especially busy since COVID began, often

being at maximum capacity. Another reason for the increased burnout among ICU workers relates to the simple fact of what the ICU and the stress and sickness that exists there. It is no secret that the ICU can be an especially gloomy place, and numerous studies have shown that this does have a mental and physical impact on the staff and providers who work there.

While many of the innate characteristics of the ICU cannot be helped, there are several existing solutions that can be further employed to ease the stress placed on ICU workers and lower burnout rates. One such solution is for hospitals to adopt a tele-intensive care unit program with video monitoring capabilities for patients who need closer observation. Another option is to use remote patient care monitoring for high-risk patients, so that one staff member can watch numerous patients at once to consolidate workloads. Remote patient monitoring tools can also be used keep an eye on discharged ICU patients while they recover at home, allowing providers to monitor patient vitals and send them messages without taking up nearly as much time and money as they otherwise would. This sort of RPM implementation also reduces the need for provider services by lowering readmission rates.

Mental Health Providers

A third and final group of healthcare specialists who have been especially burdened by COVID-19 and related staffing issues are mental health providers. While it has not received nearly as much coverage as staffing issues in other areas such as restaurants or even nursing, mental health providers are in dire need as they experience both increasing demand and decreasing supply. Currently there are only nine psychiatrists per 100,000 people, which is well short of the nearly 15 per 100,000 that is considered the baseline needed to provide beneficial mental health care. This shortage has increased in recent years in large part due to the underlying causes mentioned previously. Regarding the “gray tsunami”, sixty percent of U.S. psychiatrists

are over the age of 55, making them one of the oldest (and closest to retirement) of all specialties. Many psychiatrists also struggled and left the industry during the pandemic, as there were not enough telehealth opportunities despite the demand and growing technology. The shortage is clearly a negative for patients as well, with longer wait times, shorter visits, longer-running prescriptions for medications with less monitoring. Mental-health staffing shortages are especially worrisome in rural areas, as these providers are oftentimes concentrated in cities. In fact, sixty percent of all U.S. counties have no practicing psychiatrists. Telepsychology, which will be discussed in greater detail later, provides a cost-effective, flexible, cheap, and accessible solution to all of this.

Investment Areas

The healthcare staffing shortage that the U.S. and the entire world is experiencing is clearly having a profound, devastating impact on many people and a variety of healthcare suppliers. Because of the depth and widespread nature of this problem, as well as its likelihood of longevity considering the underlying factors detailed previously, this is certainly an area that should require some consideration for investment. However, things do get slightly complicated in that healthcare staffing is such a broad issue that is directly related to those underlying factors such as provider values and COVID-19, so it is not a situation where there are specific devices or companies that can completely counteract the problem. That is why it is especially important in this case to keep the underlying factors in mind when considering potential investment areas and opportunities. Several areas are described in detail below, explaining how they relate to healthcare staffing, with examples of several companies in that specific industry right now.

Travel Nursing and Other Forms of Travel Healthcare

Travel nursing, which had existed in small quantities pre-pandemic, is an industry that has taken off in the past two years. Put simply, it allows nurses to attain increased flexibility, as they can book their own work at hospitals across the country rather than being tied down to a set schedule and location. Travel nursing gigs can last as long as the employee desires, going as short as day (“per-diem”) shifts to long term agreements. In addition to the benefits it provides individual providers, travel opportunities also allow healthcare systems to fill all their staffing needs quickly and with lower costs. There are over 300 companies that include travel nursing in the U.S. today, whether it be a broader staffing company or one specifically focused on travel nursing. These companies as a whole have been doing very well, with the high margins and low costs that one might expect. Clipboard Health, listed below, is an example of an especially intriguing travel nursing company due to its advanced marketplace technology and ease of use for both the nurses and the healthcare systems. Unlike many other companies in this space, Clipboard Health was founded on the principle of nurse staffing and working to solve this problem. CEO Wei Deng explained that “the only way to change this damaging trend is to radically increase the number of healthcare professionals with interest in and access to opportunities at hospitals and nursing homes. To do that, you can’t rely on old methods. Those are the tools that won’t fix the current problem.” Clipboard has been doing just that since being founded in 2016, receiving over \$80M in funding over the last two years and seeing its revenue increase over 25x over that period.



Clipboard Health is a marketplace technology that specifically targets the staffing shortage by matching nurses with nursing facilities



Connects nursing facilities (SNFs, senior care, hospitals) to providers (CNAs, LVNs, RNs, NPs, etc.) to meet both parties' needs



Tool that was founded on the idea of alleviating the healthcare staffing shortage, directly aimed at this problem



Raised over \$80M in two rounds over the last two years, with the most recent being a \$30M series C round in 2022; revenue increased by 25x in the last 18 months



Currently serving workers and facilities in over 30 U.S. cities, but the goal for the rest of 2022 is rapid location expansion



CareRev is a marketplace technology that connects hospitals and health systems and local, vetted healthcare professionals on demand.



Works across 500+ hospitals and health systems, outpatient centers, and skilled nursing facilities



Labor marketplace app that connects healthcare facilities and local, flexible, pre-qualified professionals



\$100M in ARR (annual recurring revenue), last investment deal was a Series A \$50M with 23 investors in total



Based in Los Angeles, CA; most work virtually, 303 employees total



Proluent helps employers optimize the quality and cost of their workforce, from full time recruitment to contingent workforce management careers



32 employees on LinkedIn; works to fill both permanent and flex roles fast and to the needs of both the hospital and the workers



Mission to attract, convert, and retain talent via AI technology to change the paradigm and drive down overall costs



Secured an \$11.5M series A round in December of 2021 with Health Velocity Capital.



Headquartered in Dallas, TX



Medely allows healthcare professionals to find access to on-demand work to supplement their existing careers and support their lifestyles



Founded with a focus on nurse staffing, but has expanded into a wider variety of opportunities and specialties



Features tools that let healthcare professionals set their own schedules and find short-term or per diem shifts hospitals



9 investors, last investment was series B where they raised \$28M



4000+ hospitals use them, with HCA being an example. Founded by director of nursing at an outpatient facility who struggled with staffing



Incredible Health is a software to hire permanent nurses in 20 days or less, saving premium labor, overtime, and HR costs that allows nurses to get the offers delivered to them with greater speed and clarity



Founded by an MD and MIT graduate. Based in San Francisco, CA.



The company has flipped the script, with employers applying to experienced nurses actively looking for a permanent role.



\$15M Series A led by Andreessen Horowitz in Q3 2019. Other investors include NFX, Obvious Ventures, and Precursor Ventures.



Used by top hospitals nationwide, including HCA Healthcare, Kaiser Permanente, MemorialCare, and Stanford Health Care.



IntelyCare provides a better way to connect qualified per-diem nurses with shifts at verified healthcare facilities all from one smart, easy-to-use mobile app



933 employees on LinkedIn, the majority of which are nurses; overall team of over 24,000 “IntelyPros” (nurses), 77% of which work exclusively for them



Company mission and dynamics are very centered around increasing nurse satisfaction and quality of life



7 investors, last investment was series B where they raised \$55M; extreme growth in recent years including a 300% revenue growth in 2021



Rehab centers, skilled nursing facilities, and senior and assisted living facilities in 28 states



Nomad is a digital marketplace for healthcare jobs that works to efficiently connect clinicians with rewarding, flexible career opportunities



Nomad team of technologists, creators, and industry experts; 200,000+ nurses using Nomad today



Award-winning technology and support specialists help make it easy to book travel assignments to meet particular interests



Founded in 2015 and have attained \$113M in total funding so far with nine investors, last round was series D



Over 500 health system clients, tending to be larger hospitals, including HCA, Stanford, and UCSF; headquartered in San Francisco



SnapNurse is a technology platform for nurses and medical professionals to find short term engagements and for health systems to find relevant staff instantly



Wide array of nursing professionals including certified RNs, LPNs, EMTs, CNAs, pharmacists, respiratory therapists, and more



Growing quickly, with 20,000 nurse applications received in 2019 up to 150,000 applications in 2021








Now doing over \$1B in ARR, \$33M in total investment funding.



Nurses can work in many locations for Per Diem shifts, or can work anywhere in the US for long term 13 week travel jobs

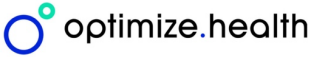




ProLink Staffing, profiled below, is unique from the other companies mentioned above in that it is a full-service staffing company that includes more than just travel nursing. They have clearly been very successful, with recent ARR projections upwards of \$300M. Interestingly, however, ProLink Staffing emphasizes company-culture and service heavily. This is not unique and is actually something that was prominent on the websites and in the mission statements of many of the companies that are and have been successful in this space. This demonstrates the subjective, culture-based side of things and the importance of considering these factors during diligence.

 <p>ProLink Staffing is a full-service staffing firm that specializes in healthcare staffing and also recruits professionals in technology, architecture, engineering, and other skilled labor categories</p>	 <p>1,302 employees on LinkedIn, full-service staffing but specializes in healthcare, travel-healthcare a major component</p>
 <p>Has won many company-culture and community service awards</p>	 <p>Estimated to have done over \$300M in revenue in 2021</p>
 <p>Headquartered in Cincinnati, OH and has a location in Brentwood, TN</p>	

RPM

Similar to travel nursing, remote patient monitoring has existed for over a decade, but its use and technological sophistication has increased tremendously over that time. RPM eases the burden on both patients and providers, as patients are able to spend less time in the hospital.

This, in turn, means a lightened workload for providers and lower costs on all fronts due to shorter hospital stays. The adaptation of RPM has been shown to help healthcare workers of all specialties, but surveys show that RPM is especially beneficial and productive to nurses and ICU workers. Similar to travel nursing, however, RPM is a very crowded space already and has been steadily growing for over a decade. It has proven to be a high-growth, high-margin industry that has continuously seen improvements with new technologies. However, there are often very few factors that differentiate RPM companies and their proprietary software, interfaces, and capabilities. It should also be noted that RPM is not something that is uniquely used or beneficial for healthcare staffing; rather it is a booming area of healthcare technology that is being implemented for a variety of reasons and in a variety of areas. Therefore, there are two potential avenues for RPM investment and consideration in this regard: Broad RPM companies that can serve as a jack-of-all-trades and niche RPM companies that specifically target the technology towards the staffing shortage.

 <p>Optimize Health is an RPM company that enables healthcare providers to simplify remote care, improve patient outcomes, reduce hospitalizations, and lower overall costs</p>		<p>Have helped numerous healthcare practices across the country launch successful RPM programs or improve their existing ones</p>
		<p>Enables healthcare providers to simplify remote care, improve patient outcomes, reduce hospitalizations, and lower costs</p>
		<p>Has 15 investors with the last deal being for \$4M, currently estimated that they are generating \$5.8M in ARR</p>
		<p>Founded in 2015; headquartered in Seattle, WA; 74 employees that primarily WFH</p>

accuhealth

Accuhealth is an RPM company that improves primary physician care within the clinical setting and at home via access to real-time vital information.



Surpassed 260,000 patient readings per month just two years after inception. Founder and CEO Stephen Samson.



When patients have abnormal readings, 24/7 team of nurses and MAs call the patient to assess, and escalate only those that need it



Little information on revenue and partnerships, but have received several awards in 2022



Headquartered in McAllen, TX and founded in 2018. This is only location, requires very little physical space and human capital.



CEIBA
HEALTHCARE

Ceiba Healthcare uses its eConnect IoMT technology to integrate medical device data with Electronic Health Records systems and providing telehealth solutions and Remote Patient Monitoring



Mainly installing its products and solutions in ICUs



They use a proprietary IoMT eConnect Box and Cloud Platform Solution technology that is standardized and lowers costs



3 investors, raised \$10.2M raised in growth capital in 2021 to ramp up marketing and production; \$700k in revenue



Founded in Turkey but now headquartered in NYC, has its products on the ICU floor in at least four countries

Education Programs

Despite the imminent need for more members of the younger generation to go into healthcare, the accessibility and technologies associated with healthcare education have evolved very little over the past several decades. Furthermore, current healthcare education systems discourage experienced workers from continuing their education or shifting paths, with going back to medical school and residency being the sole (not to mention costly) option. A potential solution involves incorporating technology and niche healthcare learning opportunities in a hybrid learning environment, although this will require a good deal of research and change to the current climate and system. With that being said, there are changes and improvements being made within healthcare education. For example, in 2020, HCA acquired majority ownership of the parent company of Galen College of Nursing, one of the largest nursing educators in the country, to help provide greater access to nurse development and education. HCA has over 94,000 RNs across a variety of positions and levels, each of whom now has increased opportunities and abilities to further their career and impact patient care. On this partnership, the CEO of Galen said that “the union is an incredible opportunity to make a profound impact on nursing education and the quality of nursing care in our nation”. Not only has HCA acquired the parent company, but they are implementing large-scale initiatives such as expanding nursing technologies and a \$300M investment targeted towards nursing education tuition and programs.

Regarding niche companies within the area of virtual healthcare education, there are relatively few in the space. Dignity Health Global Education (DHGE) is a primary example and a company that could be considered for diligence. They are currently seeking Seed round investors and were at the Vive conference in 2022. DHGE partners with colleges and universities,

providing actionable and specialized solutions for both individuals and healthcare systems. They provide a wide variety of healthcare education topics and programs, including nursing.



DHGE is an online education and technology provider for the healthcare workforce that provides relevant education programs on various service lines including nursing.



Partners with universities to provide actionable solutions for individuals and enterprises, including Duke and ASU CE



Provides wide variety of healthcare education topics from nursing to management and leadership



Still in Seed stage and is looking for Seed round investors



Headquartered in Phoenix, AZ; 49 employees



OnlineMedEd works to deliver personalized and adaptive experiences for users and institutions. Equal parts content, tech, and learning methodology



Wide range of services and targeted audiences, including “Basic Sciences”, “Clinical”, and “Residency Prep” training



Mission to make better providers by changing how education is built, how it’s delivered, and how learners engage



\$20M in total investment funding according to Crunchbase



They have active monthly users in 191 countries worldwide

Telepsychology

Telepsychology is another area that is ripe for growth and has the potential to be a fruitful investment opportunity. Similar to nurses and ICU workers, mental health providers are experiencing burnout and staffing shortages with demand on the rise. As mentioned above, the shortage and relatively old age of mental health providers is leading to long wait times, shorter visits, and longer-running prescriptions with less monitoring. Virtual visits, which is something that gained immense popularity during the pandemic, could help overcome the shortage of psychiatrists that the U.S. and the entire world is facing. Studies have shown that there are no significant differences in terms of key patient outcomes (symptom improvement, patient satisfaction, quality of life, medication and treatment adherence) for those with common mental health disorders including anxiety, depression, substance use disorder, and PTSD. Those same studies even showed improvements in telehealth compared to normal in-person therapy in some areas, including for those with ADHD. Because of the similar (if not improved) results of telepsychiatry and the lower costs, decreased burnout, and increased access to care, this is a solution that benefits both sides of the equation.

Some companies that have achieved success in this industry have done so by operating in a niche environment and working specifically with health systems and outpatient facilities. Integrative Health Centers, better known as IHC, is a prime example of such a company. IHC is based in Nashville, TN, and their goal is to integrate themselves into partner sites existing workflow and provide a continuum of psychological care both virtually and in-person. Iris Telehealth works on a similar front, operating primarily through hospitals and community health centers.



Integrative Health Centers uses a blend of in-person and telemedicine to provide integrative, comprehensive psychiatry, behavioral health and addiction medicine services.



Brings behavioral health to rural clinic sites, integrating into the site's existing workflow.



Improves access, coordination, and continuity of care regardless of location.



Founded in 2019, FCA and Martin Ventures led a seed round in 2021.



Headquartered in Nashville, TN with 30+ partner sites across the southeast.



Iris helps patients, providers, and healthcare organizations by offering relationship-focused virtual psychiatry programs



Primarily serves hospitals and health systems, community mental health centers, and community health centers



Heavy emphasis on customer service and relationships, establishing unique service for each provider and patient



Raised \$40M in Series B funding in April 2022



Headquartered in Austin, TX; estimated 230 employees, grew the employee count by over 70% in 2021



FasPsyc provides high-quality telepsychiatry staffing solutions in many different environments to meet the needs of varied customers, specializing in behavioral health and psychiatry



Specialized pool of psychiatrists, APRNs, and counselors who are available to provide an array of clinical services



Operates in a wide variety of psychiatry services and settings



Estimated \$1.7 million in yearly revenue, bought out by Pharos Capital Partners in 2016



Headquartered in Scottsdale, AZ; offer access to over 11,000 practitioners and clinicians in all 50 states

Spreadsheet Profiles

The spreadsheet below organizes each of the aforementioned companies, grouping them by industry (travel healthcare, remote patient monitoring, education, and telepsychology). The number of employees on LinkedIn and a brief description is also provided. Each of these companies that have attained success in their relative areas, expanding rapidly since the pandemic and helping to indirectly mitigate the staffing crisis. More travel nursing companies are listed than any other area because this is the most popular solution that is directly related to the staffing crisis and the widely publicized issues surrounding nurses right now.

Industry	Company	# Employees	Description
Travel	Clipboard	490	Marketplace technology to help nursing facilities increase their staffing and get the right people at the right time
Travel	Nomad	594	Digital marketplace for healthcare jobs, connecting clinicians with career opportunities
Travel	CareRev	466	Marketplace technology that connects hospitals and health systems and local healthcare professionals on demand
Travel	ProLink Staff	1,302	Full-service staffing firm that specializes in healthcare staffing
Travel	Incredible He	99	Software to hire permanent nurses in 20 days or less, saving premium labor, overtime, and costs
Travel	Medely	568	Labor marketplace for short and long term healthcare jobs that prioritizes freedom and flexibility for providers
Travel	Prolucent He	32	Helps employers optimize the quality and cost of their workforce
Travel	SnapNurse	595	Technology platform for nurses and medical professionals to find short term engagements and for health systems to find staff fast
Travel	IntelyCare	955	Connects qualified per-diem nursing professionals with shifts at verified facilities from a single platform
RPM	Accuhealth	50	RPM that is simple and easy for providers and their patients
RPM	Optimize.he	75	RPM to simplify remote care, improve patient outcomes, reduce hospitalizations, and lower overall costs
RPM	Ceiba	13	Specialized ICU focused telehealth module where critical patients can be monitored from a telehealth platform
Education	DHGE	52	Online education and technology provider for the healthcare workforce that provides various education programs including nursing.
Education	OnlineMedEc	89	Delivers personalized and adaptive education experiences for users and institutions
Telepsych	FasPsych	95	Telepsychiatry staffing solutions which can be implemented in many different environments in order to meet the needs of varied customers
Telepsych	Iris Telehealt	195	Patient-friendly telepsychology company that is fast-growing and places heavy emphasis on partner relationships
Telepsych	Integrative H	22	Nashville based mental health company that uses a blend of in-person and telemental health

Moving Forward

Healthcare staffing is clearly a major issue right now, and there is no reason to believe that the problem will alleviate anytime soon. As discussed previously, there are several underlying factors causing this problem, most of which relate to the lasting effects of the pandemic and the aging population. There is not going to be a single home-run company that cracks the code, as these underlying factors that are causing the staffing issue are not able to be solved with the flip of a switch and will surely persist for years to come. As described at length above, potential solutions to the staffing issue include travel healthcare, RPM, telepsychology, and improved education (particularly virtual education) programs for the younger generation. The reality is that there are hundreds and even thousands of companies already offering these solutions, especially travel nursing and remote patient monitoring. What truly can make a company in one of these areas stand out is having truly revolutionary technology and solutions

that offer something unique and disruptive from the already well-established industries. This report is therefore not a call-to-action is therefore not to go investing in every single random RPM company, but instead to be mindful of healthcare staffing as an existing problem that will only grow as demand continues to rise.



FCA Venture Partners is a venture capital firm investing in early-stage healthcare technology and technology-enabled healthcare services companies that improve patient care, reduce costs, and increase efficiency. FCA manages over \$100M and invests across the Series Seed to Series B stages. Our firm brings portfolio companies valuable healthcare insights, connections, and board-level experience to accelerate growth and build disruptive and sustainable businesses. Based in Nashville, the epicenter of healthcare innovation, with a strategic network in Charlotte and Winston-Salem, NC, our team has a decades-long track record including more than 60 investments in the rapidly changing healthcare industry.

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