

THE WALL STREET JOURNAL.

Mack's Take: A New Wave of Health Insurers is Taking Charge—and Market Share

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Big health insurers are losing more market share each year.

Their customers are turning to digital upstarts that offer cheaper plans, better customer service, and the technology to coordinate care more efficiently.

That's why venture investors are betting on a crop of new companies like Oscar Health Insurance Corp. and Devoted Health Inc., both of which are valued at over \$1 billion.

Another company, Bright Health Inc., is now close to joining the unicorn club. The startup takes things a step further by acting as both insurance provider and health plan operator. And Bright has just raised \$200 million in Series C financing, bringing its total raised to date to more than \$440 million.

Launched in 2016, Bright sells individual, family and Medicare Advantage plans. Unlike most insurance startups, Bright has eschewed enterprise customers altogether.

The Minneapolis-based company said it has high re-enrollment rates and consistent pricing in part because it strikes partnerships with just one health system in each market. That integration makes it easier for Bright to track patients' health and control costs.

“When we started out, we didn't know how many health systems would want that kind of close alignment with an insurance company. It turns out a lot of them do,” said Chief Executive Bob Sheehy. “There's a lot of demand for a new way to provide care that aligns technology and assets.”

Part of achieving that traction is timing, said NEA General Partner Mohamad Makhzoumi, a Bright board member who has invested in the past two rounds. He said the individual market was still too immature in initially after the Affordable Care Act was passed, which is why both incumbents and startups like Oscar Health struggled for a time.

Lately investors have ponied up a few sizable financing rounds for health insurance startups, such as Oscar's [\\$375 million round](#) led by Alphabet and Devoted Health's [\\$300 million Series A](#) led by Andreessen Horowitz.

But Mr. Sheehy, whose a former CEO of the country's largest health insurance company, UnitedHealth Group, said the latest financing wasn't in response to those checks being written. Rather, he said, it was a “pre-emptive push” to capitalize on swift growth by raising a new round and bringing in new investors Meritech Capital and Declaration Partners, the family office of David Rubenstein.