

**Medtronic partners with Canary Health to sell digital self-management programs, beginning with online diabetes prevention program - June 17, 2016**

**Executive Highlights**

- Medtronic has [partnered](#) with Canary Health to help sell its evidence-based digital health self-management programs. The initial focus is on Canary's CDC-recognized diabetes prevention program, Virtual Lifestyle Management.
- Canary has served more than 40,000 individuals to date, and Medtronic is expected to 10x that reach over the next few years. Sales to payers and health plans will begin immediately.
- Canary Health gets Medtronic's massive distribution and reimbursement muscle, while Medtronic expands into diabetes prevention (wow!), broadens its Service & Solutions portfolio, and takes another step toward its goal of reaching 20 million patients by 2020.

*Canary Health [announced](#) a partnership with Medtronic earlier this week to provide more comprehensive treatment across the spectrum of diabetes. Medtronic will now be a reseller of Canary Health's digital health self-management programs, initially focused on its CDC-recognized diabetes prevention program (Virtual Lifestyle Management).*

*Canary's evidence-based programs have served more than 40,000 individuals to date, and the Medtronic partnership is expected to 10x that reach over the next few years. Medtronic will start selling Canary Health's programs immediately to health plans and payers.*

*The move is a win for both organizations: Canary Health gets Medtronic's distribution and reimbursement muscle, while Medtronic expands into diabetes prevention, broadens its Service & Solutions portfolio for payers, and takes another step toward its goal of reaching 20 million patients by 2020 (up from ~1.2 million today). It is notable to see Medtronic investing in preventing diabetes, a clear move from leadership to become a "holistic diabetes management company," and not one that only sells pumps and CGM. Indeed, preventing diabetes is not good for Medtronic's core business, but it is unquestionably the right thing to do from an outcomes perspective.*

*We're also glad to see this partnership bring more focus to scaling a virtual version of the diabetes prevention program, which remains highly under-penetrated in the 86 million Americans with prediabetes. For context, Omada said in March it was the largest CDC-recognized DPP provider, with ~50,000 treated as of March - that's just 0.06% penetration! We hope this Medtronic-Canary partnership can scale that number and drive behavior change to avoid a lot of unnecessary diabetes.*

Medtronic Gets...	Canary Health Gets...
<ul style="list-style-type: none"> <li>▪ Expands potential customer base to include 86 million people with prediabetes - helps with goal to reach 20 million patients by 2020</li> <li>▪ Access to Canary's evidence-based digital programs, including diabetes prevention, chronic disease management, and stress</li> </ul>	<ul style="list-style-type: none"> <li>▪ Medtronic's deep payer relationships and reimbursement know-how</li> <li>▪ Larger sales force to call on payers and health plans</li> <li>▪ Wider geographic footprint through global Medtronic Diabetes</li> </ul>

<ul style="list-style-type: none"> <li>Wider array of offerings to bring to payers in contracting discussions - one stop shop for diabetes prevention and treatment?</li> <li>Broadens Service &amp; Solutions portfolio beyond IBM Watson, Diabeter partnerships; continues expansion beyond hardware</li> <li>Behavior change learning for other apps, digital programs for core Diabetes business or even non-diabetes Medtronic businesses</li> <li>Presumably high-margin revenue</li> </ul>	<ul style="list-style-type: none"> <li>Potential next-gen program combinations with professional CGM, IBM Watson, other Medtronic products? (Our speculation!)</li> </ul>
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- Selling Canary's self-management programs will require direct negotiations with each payer, an area Medtronic is obviously very experienced in** (e.g., the recent UHC deal to become a preferred provider of insulin pumps). Currently there are not broadly reimbursable codes for any self-management programs, though Canary is seeing more movement to cover them. Canary does not have a direct-to-consumer model, and perhaps Medtronic could help add that over time.
- Canary Health offers four digital self-management programs**, though it sounds like the Medtronic partnership will focus on diabetes prevention. We're not sure how this partnership will integrate beyond the DPP.
  - Canary cites the **following outcomes with its programs**: reducing the rate of new diabetes cases by 80%, significantly improving symptoms in 47% of participants suffering from depression; a 90% user satisfaction rate with its health plans partners, and savings as high as \$1,000 per participant per year for an overall ROI of 3:1. The programs lead to fewer visits to physicians and emergency departments, fewer days in the hospital, and fewer hospitalizations.

Canary Health Program	Details
Virtual Lifestyle Management for Prediabetes and Diabetes <i>CDC recognized diabetes prevention program</i>	12-month program for diabetes and prediabetes, goal setting, planning and tracking techniques, group dynamic, and personal health coaching
Chronic Disease Self-Management Program <i>Exclusive Provider of Stanford University-developed program</i>	Six week online program to address conditions such as diabetes, arthritis, heart disease, depression, and pain with guided lessons, group discussions and peer facilitators
bLife StressCare <i>Acquired in <a href="#">April 2016</a></i>	Mobile tool that uses psychological assessments, interactive mindfulness exercises, mood monitoring, tracking, and social support
Stanford University's Building Better Caregivers <i>Exclusive Provider of Stanford University-developed program</i>	Six-week online workshop provides non-professional caregivers with guided lessons and group discussions to improve the quality of care they provide

- **As a reminder, HHS [announced in March](#) that Medicare will reimburse the Diabetes Prevention Program (DPP),** which demonstrated cost-effectiveness via its YMCA pilot (n=8,000) in eight states: estimated savings of \$2,650 for each person enrolled over 15 months, more than covering the program's cost. Canary Health is one of three CDC-recognized providers, along with Omada Health's Prevent and Noom Health.
  - **Despite its success in preventing diabetes, the DPP study was criticized for requiring significant financial and personnel resources to carry out the educational curriculum.** As a reminder, the original DPP had one-on-one coaching. These online versions of DPP can deliver the same proven clinical intervention, but at much lower cost and much wider scale. This is of course one of the biggest promises that comes with digital delivery of healthcare interventions.
    - **In follow-up translation of the DPP, some have focused on group-based delivery (e.g., YMCA, Omada) as one approach to lowering costs.** This brings the advantage of group support and allows one person to care for many individuals.
    - **On the other hand, Canary Health (formerly DPS Health) has retained the original model of an assigned coach, but with the ability to deliver the curriculum at very large scale** - the majority of the education, goal setting, monitoring and tracking from the original DPP is automated. Individuals have an assigned coach who provides support but requires only a few minutes per week. Shared Canary Health's Chief Medical Officer Dr. Neal Kaufman, "A single clinician can care for large numbers of people one at a time."
- **Canary Health's [leadership team](#) includes CEO Dr. Adam Kaufman, CMO Dr. Neal Kaufman, and Chief Product Officer Dr. Paul Campbell.** We're not sure how large the whole company is or who its biggest client is.

Close Concerns Questions

**Q: What are the deal terms?** What does Canary charge payers per patient, and how much of that revenue will Medtronic now capture?

**Q: What does this add incrementally to Medtronic's business?** What could it add to the portfolio?

**Q: How does Canary Health's VLM compare to Omada's Prevent on outcomes, user experience, and payer ROI?** Will payers and health plans reimburse for both or select one?

**Q: What percentage of the 86 million Americans with prediabetes** are interested in participating in one of these programs? Could payers mandate that patients engage with them?

**Q: Can Medtronic expand awareness of the DPP?** What will it take to get diabetes prevention on patients' radars?

**Q: Can digital programs scale to reach millions and tens of millions?** What needs to happen for that to occur?

**Q: How long will it take reimbursement to catch up to these programs?** Could they ever be prescribed and paid for like a generic drug?

*-- by Adam Brown and Kelly Close*