Episode 7 – Daniel Perez

DAN PEREZ: What me and Gabriel thought in the light bulb moment was, wow, we don't need to reinvent the wheel. But we absolutely need to digitize these spokes.

SPEAKER 1: Welcome to the Cure for the Common Company, a podcast series looking at innovations in the world of employee health and well-being. Steve Blumenfield and other experts from Willis Towers Watson's Health and Benefits practice are talking to entrepreneurs and industry leaders who break ground to meet the needs of today's workforce and deliver benefits solutions that can separate employers from the pack.

SPEAKER 2: This podcast was recorded remotely with computer equipment so the sound quality may vary from other pods.

STEVE BLUMENFIELD: Hey, Dan. Welcome.

DAN PEREZ: Hi, Steve, thanks so much for having me.

STEVE BLUMENFIELD: Hi, everybody. This is Steve Blumenfield from Willis Towers Watson Health and Benefits. Welcome to another episode of the Cure for the Common Company. I'd like to introduce to my colleague, Megan Sowa.

MEGAN SOWA: Hi, Steve. I'm also from Willis Towers Watson Health and Benefits practice. And I am part of a team here that oversees strategy and emerging solutions in the musculoskeletal space.

STEVE BLUMENFIELD: Great to have you with us today, Megan.

MEGAN SOWA: Thanks, Steve. Great to be here.

STEVE BLUMENFIELD: Megan and I would also like to introduce you to Dan Perez, co-founder of Hinge Health, a company that pioneered employer-centric remote physical therapy with a set of tools and a program to address musculoskeletal spend while also addressing member mental health, chronic pain, and medication use associated with that pain.

Dan, so glad to have you here. Would you start us off by giving us the story of Hinge Health?

DAN PEREZ: Sure, I'll talk to you a little bit around how we founded the company. So again, we're tackling musculoskeletal conditions. That is like chronic back pain, knee arthritis, hip arthritis. And our inspiration was I actually have a personal background in musculoskeletal health conditions.

So, when I was younger as a teenager, I actually broke my arm and my leg at the same time in a biking accident.

STEVE BLUMENFIELD: Wow.

DAN PEREZ: And so I was confined to a wheelchair for actually several weeks, almost two months, actually. And I even had a twin brother who looks just like me, was very active. So for those six to seven weeks in a wheelchair, I was able to look in the mirror and see everything that I was missing out on because he was still riding his bike, he was still going out playing basketball and such.

STEVE BLUMENFIELD: Insult to injury. wow, that's just awful.

DAN PEREZ: It was. It was tough. But importantly, it gave me that patience and perspective of how difficult it is to receive care in MSK. And I was lucky my dad was-- my folks are Cuban immigrants. But he had good health care coverage from Denny's, which is where he was working. And so we had no issues on coverage. But it was really around just how difficult it is on the patient to just get that care, get that rehab.

And I then ended up going to the UK to do my PhD. I was in Oxford. And I actually met my co-founder, Gabriel. He was in Cambridge. And he moved to London. He's German. He also had an MSK injury when he was younger. He tore his ACL in the judo mat. So I got beat up by a car, he got beat up by a fat guy.

He also had about 9 to 12 months of rehab. He was also then doing his PhD in the medical sciences. He was specifically doing his PhD in cartilage regeneration, stem cell biology and cartilage regeneration for joints.

So if you look around the digital health ecosystem, you'll see a lot of founders with enterprise sales backgrounds, or consulting backgrounds, or finance backgrounds. You know, we're a bit unique in that we have a patient-first perspective as well as a science-first perspective because we approach this as scientists as well.

STEVE BLUMENFIELD: Dan, I just want to observe right here-- it's kind of a humbling set of things you just kind of almost minimized as you went through your story there. So smart guys have been through a lot of physical pain doing really cool stuff. Then what happened?

DAN PEREZ: I appreciate that.

STEVE BLUMENFIELD: What did Hinge do next?

DAN PEREZ: Me and Gabriel, we were terrible PhD students. Let me just put that out there right now. So we were not going to the lab, we weren't--

STEVE BLUMENFIELD: [INAUDIBLE]

DAN PEREZ: Yeah. What's interesting about the UK, though, is that they are traditional in the UK, particularly Oxford and Cambridge, they're very old school. But one thing they do celebrate is eccentricity. And they found, you know, what we were doing to be a bit eccentric, in that these two guys, while they're skipping class, they're not skipping class to go watch sports games or a football match. We were skipping

class to build something to help people's lives. So we actually got surprisingly a huge amount of leeway from our PhD supervisors to put in almost the bare minimum work while we were building the company.

And that was-- to this day, I think we got very lucky. And we founded it. And PhD programs probably in America, they're a bit more rigorous. And I think they would have been less understanding of that. But we did try to build the company in London. I love London. I love the UK.

But as a patient, I think the NHS is a-- from a patient perspective, I've never had any complaints. But from an entrepreneurial perspective, it was very difficult to deal with the NHS. That is a single-payer system in the UK. And we couldn't quite sell into the NHS. We tried for about a year and a half in various iterations.

And we realized it was time to move to the US when I found it was easier for me to schedule meetings with US customers from London than it was for me to schedule meetings in London with people in London. And I was like, wow, that's a sign that it's time to come home. Three years that we've been in America-- three and a half years we've been in America, we've just-- almost all of our growth has been in that period of time.

But we still look back fondly in our year and a half, two years in the UK where we were developing the product, getting our first clinical data. And the bank accounts kept going down to zero because nobody was buying in the UK. We celebrated our five-year anniversary on October 1st.

STEVE BLUMENFIELD: Excellent.

MEGAN SOWA: Dan, something you just said kind of struck me. You're talking about how United States employers maybe are more apt to try something new. But with your solution, the delivery of care is really what's new, right, is the actual care that you're providing, the therapy?

DAN PEREZ: Absolutely. And that's a really critical point, Megan, to mention. That when it comes to musculoskeletal care, particularly for chronic musculoskeletal conditions, there is paper after paper and guideline published after guideline published saying, what should we be doing if not surgery and drugs? And it's physical therapy, it's behavioral health support, and it's patient education.

And if there's one thing I'd love for your listeners to get out of today's discussion, is that for proper musculoskeletal care, you've really got to go beyond physical therapy. If you just give patients physical therapy in isolation, they'll improve over a short period of time. But then those results will evaporate.

And, as me and Gabriel were reading dozens and dozens of papers, we realized that one, and nobody had done like a landmark trial the ways that you have with DPP programs-- that the Diabetes Prevention Programs-- which is one of the reasons nobody had bothered with MSK. You needed to guys who just lock themselves in a room and do a literature review of the last 20 years.

But what you see is that there's pretty firm agreement across all leading medical bodies that conservative management care-- that is patient education, physical care, and behavioral health support-- should be delivered before surgery, certainly before steroid injections. But it's actually hard to do that. Doctors and physical therapists, they don't get reimbursed for patient education.

Behavioral health support, that continuous nudging of somebody with a chronic condition, whether it's knee arthritis, or asthma, or obesity, that continual nudging is hard to reimburse as well. And of course,

physical therapy, even if I gave it to you, Megan, or Steve, for free, you've still got to take time off work. You've got to travel to the physical therapist. You've got to find a babysitter.

So what we found is that, yes, we all agree that it should be done. It's just hard to do. And what me and Gabriel thought in the lightbulb moment is, wow, we don't need to reinvent the wheel. But we absolutely need to digitize these spokes. Because that's the way we're going to be able to efficiently deliver this care, is if we use technology to scale it so we could overcome some of those delivery challenges. Because that's what we found, it was really a challenge of delivery. And once we were able to deliver it at scale, people are more likely to be adherent. And they're a lot more likely to get better and avoid surgery.

STEVE BLUMENFIELD: Wow, I just love that. You don't have to reinvent the wheel, just digitize the spokes. What a great way to think about what you're doing.

So make this real for the employer. What is the challenge that they're trying to solve for? And how did you guys try to help with that challenge? What does this mean to an employer and where's the value?

DAN PEREZ: That's a great question. I think there's three key buckets when we speak to a potential partner, an employer partner that they're looking for. One is member experience. You know, the benefits team are here to attract and retain employees. So they want to make sure that any program we deliver has a great member experience. We get into the details later.

Second thing is health care costs, as you know, probably increased 2x faster than salaries over the past 15 years. And so employers are getting increasingly paternalistic of how could we reduce these costs and manage these costs. And the third bucket is how easy are you to buy? Have you thought about some of the other peripherals to make it easier for the enterprise to onboard you as a new vendor partner such as billing through claims, contracting for health plans?

And for those three buckets-- member experience, cost control, and ease to buy, that is the administrative burden-- depending on the employer partner, they're going to weight those three somewhat different. But all three matter basically to everybody.

MEGAN SOWA: So Dan, you mentioned medical costs. Are you talking to employers about the significant cost that is incurred on the long-term disability side?

DAN PEREZ: That's a great point. And yes, so both long-term disability and medical spend. And what we found as we were diving into literature and looking at the claims, at least for medical spend, we were pretty shocked that musculoskeletal costs is overwhelmingly driven by surgery costs. And people think maybe it's PT or maybe it's steroid injections. And those are not insignificant costs. But it's overwhelmingly driven by surgery and overwhelmingly driven by elective surgery.

Patients decide my knee pain is too bad right now. I'm going to refer to an orthopedic surgeon and get a knee arthroscopy, or I'm going to get a knee replacement, or I'm going to get spinal fusion. But it's not like I fell off a ladder, and broke my spine, and I need to rush to surgery. It's that overwhelmingly, these are elective.

And how can we give patients, members really, a meaningful alternative to surgery, something that they believe will work and that actually does work? And then when it comes to long-term disability, which is kind of the cherry on top, is what we say because if you avoid surgery, you avoid a huge amount of disability.

MEGAN SOWA: You're giving hope to people with chronic conditions who may have been suffering for a number of years, sometimes up to 20 or more years, helping them when they thought maybe surgery was their only option. So how do you get them engaged in Hinge and wanting to try something new when they've probably already tried a lot of other traditional therapies that may not have worked for them in the past? So what we him so engaging for the member?

DAN PEREZ: You know, that's a really great question. And pain is a remarkable motivator. Most people who come onto our program have already tried physical therapy. Maybe they failed out because they couldn't keep up with co-pays or the time off work. Maybe they're just used to taking Tylenol and Advil.

We get a lot of folks come in with this almost feeling of resignation. That's why we really empathize patient education in our program, to really give people that hope. To let people know actually, you know what? Surgery is not your only option.

And another thing is, hey, guess what? Even when your back hurts, it's OK to go grocery shopping. And if you go grocery shopping and your back hurts a little more, you didn't make it any worse. If your knee hurts and you want to go for a walk with your spouse, go for it. Don't socially isolate yourself. Do those things live your life. And that's one of the reasons we're reducing depression and anxiety rates by about 50% to 70%, because we're helping people live their lives.

Now, going back to the second part of a question, like how we engage people, I think it's a large part of that. We don't sell pain reduction. That's not actually what we're selling to the end user. Nobody comes to Hinge saying my pain is nine out of 10. I'm really hoping you bring it to six and a half out of 10.

What they tell us is I used to be able to play tennis with my wife and I can play tennis of my life anymore. We're selling people the ability to get back to doing the things they want if only their knee wasn't hurting, or their hip wasn't hurting, or their back wasn't hurting.

STEVE BLUMENFIELD: What I've heard so far is there's a big challenge to the employer. You want to find these people because there's the potential for surgeries to be offset. There's the potential for pain medication use to be offset, especially addictive painkillers. We haven't really talked much about that. But I know that's part of the Hinge story. And to get people active to potentially reduce those future disability costs as well.

One of the things that really intrigued us when we saw you and Gabriel years ago was the way you engage people with smart behavioral economics and with the use of coaches. Could you just give a little bit into what it's like after you get that member to engage, even back up to how the employer outreaches? And then tell us how that member gets pulled in and how you use those levers.

DAN PEREZ: With every employer, we create a bespoke marketing campaign of, how can we reach your members? Every employer is unique. And their communication channels with their members is unique. And so we work with the employer [INAUDIBLE].

We have a standard playbook that works very, very well. And we'll use a combination of some emails, maybe postcards, webinars. We'll try to engage any sort of HR managers if there's multiple sites.

Or, lucky for us, we can also engage in other stakeholder, which is Health and Safety, who has a stake in this as well. Because chronic knee pain isn't just a health issue. It's a safety issue. Same with hip, or back

pain, and shoulder pain. And so there's various stakeholders who really get excited about this opportunity when Hinge Health is deployed.

And so we create a bespoke campaign, this sort of B to C marketing to reach out to their members. And then we'll create a dedicated landing page where members could come to and sign up to the program. And we try to make it as simple as possible.

We've also tried to reduce the barriers for members who need the care to engage. Because what we want to do is we want to make surgery the hard choice. Right now surgery is the easy choice. Taking time off work, hiring a babysitter for continuous physical therapy is actually harder than just saying, you know what? I'm going to go get the surgery and hopefully it's done with.

We want to make the non-surgical option as easy as possible. So we've also worked in the background to ensure that Hinge is considered a disease management program. It's a fully-covered benefit. It doesn't hit the deductible. So that 99%+ percent of members have access to Hinge Health have $0 copay. And they get essentially free access to his Hinge Health because we want to make this the easy option, not the hard option.

And so that's been something that's been very impactful for our ability to recruit members, but also ensure that members see this as a meaningful alternative to surgery because they're going to get coaching and they're going to get wearable sensors that guide them through their exercise therapy at home. And of course, they're going to be oriented to the program.

Now, going back to incentives, which is something you mentioned earlier, we've taken a particular approach to incentives, which might be maybe not in vogue. Maybe it's coming back in vogue. But we do not do extrinsic motivation.

You know, me and Gabriel, again, were a bit nerdy. We've looked at the literature we don't believe in extrinsic motivation. That is, we're going to give you $100 if you try Hinge before surgery, or this, or that. We are really big believers in intrinsic motivation.

And so when employers offer that-- hey, we have an incentive program in place, you know, could we include Hinge on that and we could give members $100 or a discount of their deductible if they do Hinge? We push against that. We ask them not to do that. We don't want anybody signing up to Hinge because they're going to get $100. We don't want anybody signing up to Hinge because they're going to get a discount on the deductible.

We want them to sign up ti Hinge because they want to go hiking with their daughter in the Grand Canyon, because they want to go play tennis with their spouse.

MEGAN SOWA: Dan, can you talk a little bit more about your behavioral economics approaches in the program?

DAN PEREZ: Absolutely. And so we've thought through, from the full patient journey, how we could add behavioral economics interventions across that journey. So first of all, when we do land an employer, we often emphasize that there are limited spots available, and so to get people to sign up and in a reasonable time.

They then go through a screener. We want to make sure that there is a bit of a selection process. It's 15 to 20-minute screener. We don't want people signing up on a whim. We want people to invest.

And what we found is that when you invest in something-- spend some time sharing my story around my back pain and a bit around my medical history-- when you invest in something, you're more likely to be engaged. But you're also selecting for people-- and [? fleshing ?] out people who won't likely to be engaged. If you're not willing to sit through a 15 to 20-minute screener, are you going to commit to a 12-week to 12-month program to tackle your knee pain?

STEVE BLUMENFIELD: I just want to break in here for a moment and say, what's interesting and compelling about that is unlike a lot of programs that are offered generally to the public or maybe through a health plan where you need to initiate and you need to kind of seek it out and want it, here, you're seeking out the member. But you're also creating scarcity, that behavioral economics, which I know you're talking about.

Once you actually do that screener, you want this, right? You're hoping that you get selected. And of course, the employer can determine what number to allow in based on the screens that you apply. But that's just terrific. So I just wanted to point that out for our listeners who might not understand some of the different types of behavioral economics, and just to make sure that that's clear. So go ahead, continue your story.

DAN PEREZ: Yeah, and we also think through loss aversion as well. So we'll sometimes say whether there's limited spots available for that scarcity. We'll also sometimes put in, hey, there's a deadline to apply. Applications are open up until this date.

STEVE BLUMENFIELD: Right.

DAN PEREZ: And so we do a little bit of [INAUDIBLE] gosh, if I don't get on this today, I might not get a spot. But also, it's only up until Friday. I've got to get on this. Otherwise I might not get that deadline.

And we found when we implement those two, it actually really gets people up to say hey, I got to prioritize this screener today. And everything that I've got going, I've got to find 15 minutes today to go through this Hinge Health screener, assuming knee pain is a big enough issue for you that you want to budget that time.

And again, for us, we have very high completion rates, very high engagement rates in the market. And because, you know, partly we're ensuring that we're bringing on people who are going to stay committed to the program.

But once they get on the program, they get a kit in the mail. It has a tablet computer, two wearable sensors, and then they are reached out to by their coach. But they get a physical object, you know, something that feels a bit more meaningful. And so they've been given something.

And when they do sign up, they kind of-- it's not necessarily a legally binding contract. But we call it kind of a patient commitment contract, and they sign their name, hey, I'm willing to commit to this program. And so it's more like you're giving us your word. Nothing is legally binding. But you're giving us your word, hey, I'm going to do my best. And I'm going to do my best to engage at least twice a week over the course of the program. And we find that it's one of the last questions we ask everybody before we onboard them to the program.

We let them know hey, we want you to do this at least two to three times a week. Do two or three exercise therapy sessions, that is workouts, a week. And read at least one education article, and interact with your coach at least one or two times. Are you going to do that?

We put it in black and white terms. And people are happy to say no. And say, you know what? I'm not willing to agree to this. And other people say yes. And we want to make sure that we can hold them accountable.

STEVE BLUMENFIELD: Great, so what I'm hearing is reciprocity. They get something, which means they want to give something back on the part of the member, and then pre-commitment that they have with the coaches. So there is already four different behavioral economics levers that you're applying in a really seamless way. It doesn't seem hand-held. It just seems like the way they're experiencing the solution being made available to them, and actually the solution itself. Terrific.

So let's talk about those sensors. That's oftentimes when I've seen employers-- whether it's at booths or whether it's in meetings-- get really excited and interested. Because they see this device. And then they see the tablet computer you mentioned.

Tell us what that is like, what that experience is like for the member, and what that coaching is like with the use of those aides.

DAN PEREZ: Sure, absolutely. And just to give the listeners perspective, we have two wearable sensors that we send everybody. And it sits on either side of your joints. So for somebody with knee pain, a sensor on your shin and a sensor on your thigh. And these are inertial motion units, which essentially could track movement in space.

So we know when you're moving your leg or we'll know when you're moving your back. And it gives the member instant feedback. As they're doing their exercises, they put the sensors on for about 15, 20 minutes a day when they're doing their exercises, and on the tablet computer it shows real time motion of your joints. So the member gets instant feedback on how they're doing the exercises. They know if they're doing it correctly.

But importantly, Steve and Megan, the member knows that the coach knows if they're doing it at all. And so, a big component of the sensors is actually that accountability. We're able to objectively track adherence. And they get points, actually, as they're doing it. Every time you do a rep, you get 3 to 5 points.

And we actually even set a points goal for you every week. You get points for reading education. You get points for logging your health, that is your how your pain is doing this week. And you get points for every rep that you do. And you see that increasing in real time so, you know, we want to little dopamine hit. Every time you do a rep, you're going to see the screen. And you can get a dopamine hit that your points are going up.

We don't want to trivialize it like a video game. But we do realize that that does get meaningful. In fact, we had a bug-- I think it was like six months ago-- where points were not being updated for like six hours. And the number of messages we got from people, hey, folks I love the program. But if you're not going to give me my points, I'm going to stop doing this.

They really do care about those points. And they really do care about their weekly goal and breaking prior weekly goals. Because you could compete with yourself. You've got a team that you go through together. So you could see how other people are doing on a high level, just their points. You can't see their medical history. But on a high level, you can see how they're doing.

But mostly for yourself, you can see, hey, is this my best week ever? Or we offer streaks. Streaks are very powerful. I've got a three-week live streak. And we found that particularly some of our most engaged users, they take a point of pride and say hey, for the past six weeks straight, I have been active for my knee pain or my back pain.

We find spouses really like that and that spouses could take a look at how their partner is doing on the program. And they can show their spouse hey, look how adherent I've been. My knee pain is feeling so much better.

And so we found streaks, it could also be really, really impactful. And it's something that we've rolled out. So streaks, points record, and just ensuring that we're giving people points for essentially every good deed that they're doing for their health. And by the way, these points do not lead to money. These points don't get exchanged for airline miles or a free toaster. It's literally just that feeling of progress.

And lastly, that coach-- you have a human touch, that somebody who really cares about you, not dissimilar to the phenomenon with a gym buddy. That I know if I'm going to go to the gym with somebody else, I'm more likely to go to the gym. We make sure you know that there's a real person that's watching you, that's sending you congrats, that's giving you motivation to continue, that really just is invested in your success.

MEGAN SOWA: That's cool. I didn't realize that there was like a gamification, social networking part of the program as well. That's really, really cool.

DAN PEREZ: Yeah, it's something we've continued to deploy this year. Our new head of product came from Google and Yahoo. And so we've gone really deep on those elements. I think I'd caution any health care entrepreneur, make sure you don't trivialize it. A lot of folks try to make games that. seem a bit childish for health care.

So we do have one eye recognizing this is a serious condition and another eye trying to add some variable reward. So that's another key component of behavioral economics, making things look a bit different. So we'll often even have a new workout that comes out that was not anticipated by the member, or a new exercise that was not anticipated, just to add a bit of spice to what might otherwise be a routine task. And we found that really improves engagement.

MEGAN SOWA: So, fun story that I think speaks to the effectiveness of the engagement the Hinge program, a friend of mine, her husband has access to Hinge through his employer. She is actually a physical therapist. And her husband suffers from chronic pain.

DAN PEREZ: Wow.

MEGAN SOWA: She tried for a number of years to prescribe some therapies for him and to give him some ideas on exercises he can do to help his condition to no avail. He is now enrolled in Hinge, though, and doing very well and seeing improvement.

DAN PEREZ: Thanks, Megan, for sharing that. I'm actually always pleased to have physical therapists on the program. I find them to be the most discerning critics of Hinge Health.

And it's a program that's built by physical therapists and medical doctors. And so it's always a great validation of our approach when a physical therapist is either on the program or their spouse is on the program and they like it.

We've had several doctors as well go through the program when we were in development as well as currently. And we always find that to be the most useful feedback but also just a good validation that we're onto something when the folks who went to years of schooling in this area give it the thumbs up. So thanks for sharing that.

STEVE BLUMENFIELD: Let me ask you aspirationally, Dan, if you look back in, let's say, five years from now. And let's say there is a profile on Hinge Health in your favorite business periodical or your favorite blog or website, what would the headline of that article be about Hinge?

DAN PEREZ: In five years from now-- that's a great question. The most patient-centered digital hospital.

STEVE BLUMENFIELD: The most patient-centered digital hospital. That's a compelling way to say that. We see a lot around virtual care, telemedicine, which is probably the closest thing to the former term being used. But the space is pretty wide and defined very broadly in virtual care. I haven't heard it described in the way that you did. And when you get to hospital, that's a very specific space.

And I'm sure a lot of folks listening to this podcast will have some lights go off as to things that can be done outside of that environment that would be supportive of those who either can't be in that environment, or shouldn't be in that environment, or have things opposed to that environment. so very compelling, thanks.

DAN PEREZ: And when we say patient-centered, you know, these chronic conditions, the patient really need to be a stakeholder in this. We could be your co-pilot along the way. But the difference between acute conditions and chronic is that for chronic conditions 99.9% of the time, you're not in front of a doctor.

MEGAN SOWA: Dan, how do you measure the success of your program? Is that through mostly avoidance of surgeries? Or what are the types of things that you're looking at for an employer to show that Hinge is successful in their population?

DAN PEREZ: We try to show several key things. One, we'll start from the first results that they'll see. I think the first results is are people signing up to the program? Is there unmet clinical need within your population for better MSK care? And, overwhelmingly-- it's a 95% if not more of our customer base, we always hit our recruitment target, if not go above our recruitment target, showing the amount of enthusiasm.

We have one tech company here in San Francisco where we had 600 sign-ups in about four hours. A professional services firm in New York, we had nearly 2,000 sign-ups in about 10 days. There is significant interest for better MSK care within member populations. And that's across our book of business.

So the first outcome that we report-- and we report fairly early-- is what are sign-ups. Secondly, what is their clinical outcome improvement? And the most important clinical outcome for chronic MSK conditions is pain. There's no blood tests for pain. But that's the-- you pull that in the member report set. But that's the reason they go to surgery. Nobody has surgery on their knee because their knee feels good or surgery on their back because their back feels good.

You want to bring that pain down. And then you're going to reduce the likelihood of going to surgery. Which leads to the third result or outcome we report, is what is the reduction in self-professed interest in pursuing an elective procedure, which we then validate with claims? So an ROI, are we reducing the utilization of elective surgeries?

A fourth key outcome that we like to report on is mental health. We do track depression at baseline, at week six and week 12 again. So we're constantly measuring depression and anxiety levels using clinically-validated screeners. It's very important to us to show an impact on people's mood disorders over time.

And lastly, of course there's member satisfaction. We take NPS scores as well as overall satisfaction scores and feedback. And it's very important to us. What we also like that I'd say for 90%, 95% of our customers, regardless of the feedback we collect, members overtly reach out to the benefits team or overtly reach up to the manager, who then reaches out themselves to the benefits team, thanking them for the program.

So those five things-- are people signing up? Are people getting better, you know their pain reduced? Are there less surgeries happening within that population? Is the mental health co-morbidity improving? And lastly, what's the overall number satisfaction, both on a quantitative level that we're measuring, but also on a qualitative level-- has the benefits team also, in their own diligence, talking to their own members, what have they seen?

And we've never lost a customer. We have over 100 customers now. And I'm happy to say that we have 100% client retention because we've consistently delivered on those five outcomes across our book of business.

STEVE BLUMENFIELD: All right.

MEGAN SOWA: That's great.

STEVE BLUMENFIELD: Well, may you continue to always have that. That's quite a number. And we don't-- I'm going to knock on some wood so you don't jinx yourself on that. So that's just me knocking on wood.

Very robust approach to measurement. And no doubt, some of that you learned in working with employers. We're always curious, what was the most surprising thing that you learned in working with employers? Because a lot of entrepreneurs start with a product that solves their problem, solves the consumer's problem, or even solves a problem they saw on the clinical side or as a doctor.

So what did you learn working with employers? And maybe what did they learn working with Hinge?

DAN PEREZ: That's a great question. I think we've learned a lot from working with employers. One thing that I think a lot of early stage entrepreneurs might not realize-- and something that we didn't initially realize, candidly-- is how difficult it can be to onboard a new product, a new vendor.

And it could be quite a bit of work on the side of your employer partner, or really any customer. They've got to go through procurement, and legal, and IT security. And they've got to have conviction on your product. Because again, it's saying yes to a new partner, saying yes to a big body of work. Which means they have to say no to other projects that they might be doing.

And realizing that helped us start adjusting our approach to try to make it as easy as possible, really bumping our IT security standards to the top in the industry so that that is not an issue, really working in the background, some unglamorous work so that we could build through medical claims to make it as simple as possible for procurement, working through health plans so that we could obviate some contracting, really reducing that administrative burden.

And I think, from my perspective, I didn't have enough empathy as a younger company, on just how much work that could be on the part of our customers. And so that's something we've really worked at over time, to just make it easy to buy.

STEVE BLUMENFIELD: Well, that's great, hearing someone in your seat talking about empathy for the challenges that employers face is terrific. Quite honestly, it's a hard lesson for a lot of startups. Even those that are well-meaning just don't appreciate how different it is-- the sales cycle, the demands on the benefits manager.

They've got a loss in their focus. It's very easy for a company to think their solution is the solution that's important at that moment. But there are hundreds of vendors knocking on the door. And there are hundreds of-- potentially-- of vendors that, in some way, connect into the solutions that are being delivered already, even if it's through a primary mechanism such as the health plan operating all of that for them and the PBM. So it's quite complicated. Great to hear that.

MEGAN SOWA: Talking about selling to employers, they do have a lot of other vendor solutions in place. And of course they have carrier relationships as well. So I'm just curious how Hinge kind of interconnects with all of the things that are already going on with an employer.

And sometimes when you have people going through your program, is there a case where maybe surgery is recommended? I know obviously, we're trying to avoid surgery. But is there ever a case where you might steer people to a center of excellence or maybe to another benefit or program that an employer might have in play?

DAN PEREZ: Absolutely. And ultimately, our aim is to give members the best care possible. For most, that means surgery should not be done or at least we should exhaust all nonsurgical approaches before. Now, we avoid about two in three surgeries. That means one in three still happen. We still think that's a bit on the high end.

But absolutely, there is a time and a place for surgery. And when that happens, we want to work within the ecosystem to say if there is a COE in place with that employer, we want to have a warm handoff to that COE solution. Or the second opinion solution is another arrow in our quiver to ensure that they get that appropriate care.

But look, a knee replacement is one of the best surgeries out there with regards to some outcomes. Now, it's a very expensive surgery. We don't want people to be having it too young or they're going to have to have another surgery again when they're 60, and then another surgery when they're 70.

So you want to delay the knee replacement as long as possible. But if you're in a significant amount of pain, you walk in with pain and you can walk out without pain. And so we are not inherently anti-surgery. We're just anti-surgery being the first option.

STEVE BLUMENFIELD: So let's get a little bit more esoteric here. If Hinge were a mythological creature-- think of the Greek gods and goddesses or heroes that we see today in different genres-- if you're a mythological creature of any sort, what would Hinge be?

DAN PEREZ: We would be Apollo.

STEVE BLUMENFIELD: Apollo? Say more.

DAN PEREZ: He was a god of healing, medicine, music, poetry. But right now, our new product strategy, even internally, has been called Mission Apollo. And I tell the team, had we not named the company Hinge Health, it would have been Apollo Health.

STEVE BLUMENFIELD: So Dan, if Hinge had a theme song, I'm curious, what would your theme song be?

DAN PEREZ: I'm hesitant to say this, but I'll go ahead and say this. It would be "La Cucaracha."

STEVE BLUMENFIELD: OK, you've got to explain that one.

MEGAN SOWA: OK.

DAN PEREZ: Our corporate mascot is the cockroach.

STEVE BLUMENFIELD: OK.

DAN PEREZ: And in fact, our employee of the month award at Hinge Health is called Cockroach of the Month. And the reason is, we have five key values at hinge. And the first value is trust. The second one is hustle. The third one is learn it all. Fourth one is effective communication. And the fifth is frugality.

I think in Silicon Valley and maybe even across America right now, money is pretty cheap. And there's a lot of money out there. We've worked hard to ensure that we don't waste time and we don't waste money. And I think we're in the longest economic expansion in our history. I don't have to replay what you're reading in the news reports.

And I think at some point, the music will stop playing. And there's going to be a lot of people who are not finding a seat. And we want to make sure that we're building a company that's going to last through up uptimes and downtimes, and that we're building an institution, a market-creating institution, an iconic company.

And that means we've got to survive the nuclear blasts. And I think there is going to be a nuclear blast that's going to go off. The economy is going to sink. And when the nuclear blast goes off, it's only the cockroaches that survive. And we've tried to build a company that is a bit more cockroachey.

And we spend money. But we spend it on the meaningful things. But we're not like those Silicon Valley startups that's just wasting a bunch of money on smoothie machines and this and that.

We try to make sure we are investing in R and D, we're investing in our customers, and that our customers could be confident that in five, 10 years, we're still going to be around. And we take that very seriously. So employee of the month is the Cockroach of the Month. And La Cucaracha, that old-- search it on YouTube. It's a great 30-year-old song, or older. That's us.

STEVE BLUMENFIELD: Are you going to sing it for us? Sing it for us, Dan. Can we get you to sing a verse?

DAN PEREZ: (SINGING) La Cucaracha, la Cucaracha--

STEVE BLUMENFIELD: Oh, very nice. Very nice.

MEGAN SOWA: There's the intro to our pod.

[LAUGHTER]

STEVE BLUMENFIELD: You know, it's a little hard to wrap your mind at first around the story. But it's definitely makes sense, really to inspire your folks. We've heard you're Apollo on the one hand, and the cockroach on the other.

And by the way, that answers the question we often ask as well, which is what kind of animal would you be. So I think you've answered that, Hingers are just a little more cockroachey.

Again, this has been a blast. We've learned a ton from you and from each other in this podcast. Any other things you think we haven't covered that you think the employers listening to this pod would like to understand?

DAN PEREZ: Yeah, just, you know, I really appreciate the opportunity to share our story with you, with your listeners. We're just really passionate about the musculoskeletal space and just helping people get back to living their lives. I think when it comes to health, people don't really want to think about their health unless their health is bad. People really just want to live their lives.

And that's our aim at Hinge Health, is being there, being somebody's co-pilot so that their health just doesn't get into the way of their goals. And that's what we've sold to the end member with our musculoskeletal product. And that's what we'll continue to sell. It's not pain reduction. It's helping people live their life.

STEVE BLUMENFIELD: Well, thanks on behalf of Willis Towers Watson Health and Benefits, as well as Megan and myself, for joining us, Dan. And thanks to all of our listeners for listening to the pod.

DAN PEREZ: And thank you, Steve and Megan, for giving me the opportunity to share our story. Excited to hopefully come back in six to 12 months and show you guys some updates.

STEVE BLUMENFIELD: Excellent. Have a great day.

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