Hope Springs Eternal

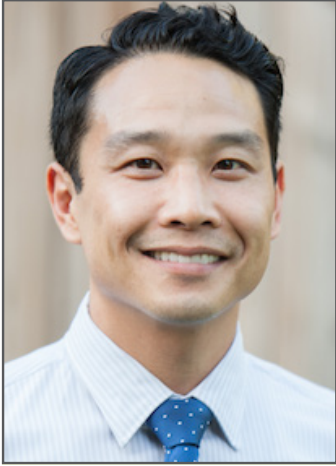## FEATURED INTERVIEW

Meet Mitch He, CIO of Chesapeake Employers Insurance

Thought Leadership for the Insurance Investment Community

Interview

Dr. Char Hu

Meet The Helper Bees:
Long-term Care Insuretech Disruptor

STEWART: Welcome to another edition of the Insurance AUM Journal Podcast. My name is Stewart Foley and I'll be your host, standing with you at the corner of insurance and asset management with a very unique guest today, Dr. Char Hu. Welcome, Dr. Hu.

CHAR: Thanks for having me.

STEWART: We're glad you're on. A lot of times, on my guests, I already know them, right, and that helps. Then I'll often know, we'll actually have some commonality about investment and whatever, and that helps. You and I don't know each other. I got this email from your publicist and the headline read "The Helper Bees grow 200% in 2020, helps 12,500 families with home care," and I'm like, "That's insuretech. That sounds cool. Can I do a podcast with him?" and you were kind enough to say yes. Can you tell me what's a helper bee and what do you guys do?

CHAR: Sure. Yeah, it's interesting because we are an insuretech company. We deal with some of the world's largest insurance carriers. Our brand doesn't scream that, right, so I think that was what perhaps what grabbed you is The Helper Bees doesn't scream, "B2B data analytics software company," but it's an important part of who we are. We're what we call "claimant-focused" right now, which is we deal with older

adults who are on claim, meaning they need long-term care services. The branding going all the way back to our roots tends to resonate really well with them and through the target demographic of our services. Yeah, we are an insuretech company. That just means we use technology to help insurance companies through quite a bit of their processes. As I alluded to, right now, it's on the claim side, so we don't do any of the underwriting, put an asterisk, yet. But what we try to do is keep older adults independent at home and it turns out that some really large insurance products really find that mission to be in line with some other significant needs.

STEWART: You're very early on, right? You're going through initial rounds of funding. You just raised six million in a Series A funding. A lot of our audience are private equity folks and they know this space well. You're growing like mad. You referenced where you started. Can you get us from where you started to where you are right now? Then from there, let's go to where you're going.

CHAR: Sure. Yeah, we grew rapidly. We still are early stage, as you mentioned. We closed an A round. We waited to do an A. We were essentially self-funded or friends and family/ angel money for as long as we could. I love raising angel capital. Great

supporters of us as individuals. For our founding story, me as well as my other two co-founders, Eric Horn and Danny Lynch, we've had a long history in forming companies that deliver support services to older adults. That's through dementia facilities, Medicare home health, Medicare hospice, and so essentially, through my late 20s, it was figuring out actually how to deliver services, because I had no clue, to older adults.

Then we paired up with Danny and started to build technology to help some of the services we have hit scale and what we realized at a very early stage in our company was that the data-capture capabilities for pulling data out of the home and using that data in order to improve care were significant and we wanted to play the leading role in that. Nobody was thinking about that. Everyone thought about non-medical home care as a fun thing or a thing that you might need. It was never like healthcare. That's really the origin story of where we wanted to take it.

STEWART: Okay, so I don't know beans about this. Here's what I do know: My grandmother contracted dementia and Alzheimer's, had a terrible, terrible, extended battle with it, and ultimately, took her life many years ago. It is incredibly important what you do. But when you talk about it is a data-driven

business and you talk about data coming out of the home, can you give us an example of what you're talking about at kind of a high level?

CHAR: Sure. I'll speak it through the insurance lens. Long-term care insurers, when we entered the industry, almost universally collect, every time you have a home care visit, collect about 12 data points. What that is is a caregiver comes into the home: What do they do? Do they provide you care in the restroom, showering, helping you get out of your chair, instead of help run errands? Can you imagine from a data perspective, you have thousands of individuals receiving care, and every single day, they're getting 12 data points? Not only that, but what you call "utilization." How many hours of care are being delivered? If you pull out that on a longitudinal axis by claimants, lo and behold, you've got a picture of your entire claims block and their health. For us, that was a huge opportunity because it was all on paper, which you might hear quite a bit: In the insurance industry, quite a bit of insuretech is just digitizing the entire process.

STEWART: Absolutely.

CHAR: We came in and wanted to digitize the invoicing process. That was our first product, but secretly, not so secretly, we realized, "Well, you've got all this other data. Let us digitize that and give you insights." For instance, I mentioned something called "balance," so balance or falls, as most people know, are one of the significant contributing factors to premature institutionalization. Well, we track balance, and so you have a balance score, can you just imagine, at one particular level. The minute that starts to spike, that's when intervention should come in, that's when a care manager or care concierge needs to come in and interact, and so what the data, it's not just data for data's sake, we use the

data for real-life interventions in real-time, which really did not exist before we started digitizing this data.

STEWART: I'll just try and translate a little bit... I'm from Missouri, so you got to bear with me. Sorry, Missouri. It's basically tracking when people begin to fall, right? My grandmother fell and people say, "Well, she fell and broke her hip." What they told me was a lot of times, the hip breaks and then they fall.

CHAR: That's right.

STEWART: So, one way or the other, that lack of mobility, to your point or the way you phrase it, I think is "prematurely." I don't know, what's the right term?

CHAR: Yeah, yeah.

STEWART: It gets more expensive, let's put it that way.

CHAR: For sure, it does. It gets more expensive. The whole premature aspect is important. If we take the finances out of it just temporarily, but let's take it out, it's like, can you, from a caregiving perspective, if you happen to know the answer beforehand, could you put something in place? The goal is, of course, this is aging, we're all going to lose at this. In my facilities, we talked about that when we train still to this day, that we're fighting a losing battle. The key is: Can you increase quality of life full-stop? With the data, it's the falls, so some of the interventions could be physical therapy that Medicare will cover. It can be an occupational therapist coming in, realizing you have a million rugs and probably got to remove those, but we also track things like food insecurity or medication management.

We can also ask custom questions, so early on, giving away secrets, we realized that when you have this powerful tool of data being able to be siphoned out, you want to ask

a million questions, but we landed on one, which is, "Do they need the same, less, or more care?" and it'd encapsulate quite a bit, right, because now from an analytics engine, you're just tracking a baseline and any time it goes up or down, that's when you start to intervene, and so not always focusing on the negative. When people actually improve, you want to lean into that, right? You want to say, "How did you do that? Let me encourage you to continue." Because quite a few individuals, whether it be Medicare advantage or a long-term care insurance claims, they're on what's called "recoverable conditions." They could get better. When you're advanced dementia, that's not the case, and what we're really trying to do is avoid acute conditions, falls, elopement issues that result in that premature institutionalization, and we use data to figure out who to target.

STEWART: That's really interesting. I mean, the insurance industry loves data and the ability to try and get proactive, right, I mean the best loss is the one that you prevented. It's not only financial, it's better for the person receiving the care, too, right? Of course.

CHAR: Sure. That's right.

STEWART: Nobody wants the person being injured, no one wants that. In terms of your business, you added a lot of new team members last year. That is clearly an outlier in 2020. You had a massive increase in your business in 2020. Again, that's a total outlier. How'd you do it?

CHAR: A little bit of luck, I think, well, a lot of bit of luck, and just an insane amount of hard work. One of our businesses, our product lines, it was nursing assessments. These are a really powerful tool for a lot of different insurance lines. This is where typically a registered nurse or a licensed healthcare practitioner goes out to a home and assesses an individual. We

assess their care support network, their living conditions, everything, how they move around, which is really important, cognitive status. Well, can you imagine, February of last year, the insurance carrier sending somebody to an older adult's home started to prove to be a very risky thing, so we launched this, so we launched virtual assessments, so the ability to do an assessment, follow around, still view their restrooms, still view their kitchen.

The important thing about it was less the technology, and this is something we had learned in our first two years of working with large insurance carriers, it was that we could tell large carriers, "You don't have to change any of your claims process full-stop," right? "All you got to do is we'll still do your assessments. We will have our technology, our technology feeding it back to you will conform to your current claims processes." I think that's what really appealed to individuals. It wasn't, "Hey, you have to conform this really cool new technology. We're going to change a bunch of different things so that it works," it's, "Don't worry about it. All you're doing is changing the conduit for information," so that led to quite a bit of growth. A lot of very large carriers were worried about security business continuity and we prevented that from being a concern.

You alluded the staff growth. Quite a bit of that was clinical staff. We added 90-plus nurses in 42 states, I think is the current count, so even if we're virtual, we comply with nursing licensure. Yeah, 42 states that is insanely difficult to do in a very short amount of time. I think it was less than three months' time that we scaled up that quickly.

STEWART: Are you operating in all 50 states now? Or what's your footprint?

CHAR: Yep, all 50 states, DC, and Puerto Rico, so one of our products is all over the US..

STEWART: Good for you. To this point, you said "friends and family." Are you from a funding perspective, do you have PE partners? How's that shaping up? Because I mean, most of our clients, most of our audiences are investment types and they're probably going to be interested in hearing how that's going.

CHAR: Yeah, angel rounds at first until our Series A and we did an A round recently with a great group out of Austin that we're ecstatic for their participation. Post-A, that's when PE is starting to become interesting, or interested in us, rather, considering our growth rate continues. It will continue through 2021, so I've been taking more and more meetings with PE firms who are starting to move down into the BC markets. We're a little bit unique since we're technology-enabled services as well as software, in that we keep a very close eye on gross margins, which I think is important for PE. We're not the typical startup who is going to have a business model that has maybe projected profitability out several years. Our goal is to be, all our unit economics are solid. We're building a lot of software, which is expensive, but as long as your gross margins are reasonable, we've got a pretty good plan, and that plan will come to fruition this year. I think that I've had more and more conversations with PE firms. I guess put it that way.

STEWART: Your demographics couldn't be better. I mean, you're riding a huge wave of older Americans, which are effectively the baby boomers, and I'm at the very tail end of that at 56, and so you've got a lot of greenfield market. You went up 200% last year, but it sounds to me like you could easily hit the afterburners from here.

CHAR: Yeah. We'll continue to grow. I mean, we'll probably triple again this year. Zooming out a little bit and going back to why we play in the insurance space, as you had mentioned, baby boomers, I mean, there's a lot of superlatives being thrown around around the aging of America, but also the aging of the world, the largest transfer of wealth, the most significant demographic shift humanity has ever seen. The issue, though, is that most Americans can not afford long-term care, the care that they will need.

STEWART: Absolutely.

CHAR: When I say "long-term care," to drive that line, it's not healthcare. It's all, okay, when I say "long-term care," and especially on the nonmedical side, it's a caregiver coming home and assisting you with what we call "activities of daily living." This is getting a little wonky, but this is like whatever you did in your home, like I got dressed, brushed my teeth, got breakfast, all of these nonmedical issues. But also, Medicare doesn't cover home care, it doesn't cover an assisted living facility, it doesn't cover an independent living facility, and so when you think about what you're talking about, the total addressable market, so using investor speak, it's massive. The problem is those individuals who can actually afford it are fairly small. Going straight to a consumer route was something we've always wanted to do, but it's challenging from an economics perspective from an early company.

What do we do? We followed, what does that census curve in the US really impact? It's those with the liabilities, and so those are the payer sources, so that's why we ended up focusing on long-term care insurance, and very soon, we'll announce something in health plans, in Medicare Advantage, a pretty significant deal there. What we're building on with these large enterprise clients is building out what I'll call the "corpus of data when it comes to aging." We have, I already mentioned home care data, but we also have that nursing data, and we have what's called "care concierge data," which is this massively important study, which is a longitudinal study of

how to keep people out of facilities and we're doing this with one of the largest carriers, CNA Insurance, and it's a really ambitious study.

But when you look at what we have is we have, before you go on claim, so using insurance-speak, while you're on claim, and actually, how to prevent you from increasing your claims costs all on the same data model, so what we will do is understand aging in America from a data perspective better than almost anybody from a non-medical perspective. Then you take that straight to you, to the end consumer who doesn't have long-term care insurance, which is the vast majority of older adults, because then you can say, "I've got the plan of care based on data," to say, "How do you keep your grandmother healthy? How do you stay healthy?" This is constantly adjusting. The way I see it is very similar to underwriting where we're doing automated underwriting. With us, we have risk tiers on caregiving, and so you apply a plan of care for a particular risk tier and you lower the probability of an acute condition. That's where we think we're heading with it is, based on the payer sources and solving a really significant need there, you then are able to now take this straight to consumers.

STEWART: I mean, that's a huge win-win, right? It's a win for the industry for the insurance industry and it's a win ultimately for the person who needs the care, right? It seems like a very, very good model and where things are heading. I mean, at the end of the day, you are saving insurers money on their claims, and not a little bit, right?

CHAR: That's right. No, that's exactly right. I think what you'll start to see and what you had mentioned, health plans, and those who are a little bit more medically-focused, as your listenership, what we're seeing is, I think, this natural evolution when social determinants of health became

really important. Now, we're realizing non-medical home care is important. With COVID and the pandemic, people are realizing, "Pushing all services at home is actually a really good thing." But did we have the infrastructure for this? Probably not. It's very fragmented, and so that's where I think you'll start to see more and more health plans being interested in it because so much happens in the home that's nonmedical.

What I mean by that is you don't need a physician to write you a note because you can't tie your shoes, right? You need assistance, you need devices. If you can't open a pill bottle, you need a med-dispensing device, and so what we're doing with that common data platform is actually creating the ability for huge large-scale health plans to extract data at scale because if you're dealing with every single carrier in the US, it's obviously too fragmented. Nothing talks to each other. It's almost like going back in time with our information now and saying, "All right, we need an EHR solution. We need an electronic medical record solution, and everyone needs to use the same one, or else there's going to be a colossal mess," so essentially, we're at that bleeding customer, we're saying, "Don't do that anymore. How about we do this? Let's just sort of systematize it so that you can start to extract that data," because there's no way that they don't need this here in the very near-term future.

STEWART: That's really cool. I appreciate all the business side of things. I'd like to know a little bit more about you. Can you just tell me, give me your background, how'd you get here, and then I'm going to ask you to give our younger listeners some advice, because I always ask this same question, people, always. I'm sneaky with this one. What's your background? How'd you get here?

CHAR: Pretty big nerd, apparently, as I've been told by someone in my team.

As a electrical engineer, I didn't think I was a nerd, but apparently I am. I was an electrical engineer and then went to grad school, so my doctorate is in molecular biophysics, so I was using supercomputers to study why proteins fold. Much like you, my grandmother was diagnosed with dementia. As I'd mentioned, my late 20s, my family, we wanted to found dementia facilities in her legacy, and so we started that. I came on. Because I was a nerd, I had no real-world experience. My mom said, "You got to do something other than being in school," I went to college at 16, and so I started in the facilities and quickly realized I had no idea how to do anything when it came to dementia care.

Late 20s, I tell my staff, I spent a lot of time mopping floors, cooking, because I had no clue how to hire. Learned very quickly on the job, built another dementia community. It's all evidence-based. They're wonderful and it's just north of Austin. I would say we're on 15 acres. We've got sheeps, goats, donkeys, longhorns. Actually, in our job description, for our leadership, it's almost like you have to be able to put livestock back in their pens because they routinely get out, which is rare.

It turns out longhorns are risky to have. From there, though, I started, always had a bit of the small business bug. My parents are immigrants and have founded multiple companies, and so I had a founding role in Medicare home health and Medicare hospice and then The Helper Bees came about because we felt like we were part of the problem and we knew technology would help it, and so with our founding team, we all have software backgrounds. They joke mine is an archaic programming language called "Fortran" that physicists like to use. I was a physicist, so they make fun of me, but I can program, and so the idea was how do you marry technology and long-term care, which really, over the last five years is gaining

a little bit of steam, but when we first were founded nobody thought it was something you should do because, how are you going to extract this data? Somebody, caregivers just going into the home, all I care about, the hours that they go in and the billable time.

Long story short, all of that experience, it's almost like we created the perfect company for me, for our team, which is just, how do we help older adults, which is something we've been passionate about for 12, 13 years, but use technology in a way that's kind of sneaky. It's behind the scenes, right? It's not in your face, we're behind the scenes. We're collecting that data and we're distributing the insights in a way that's really easily digestible.

STEWART: That is really cool. You're one of those guys that showed up at college at 16. As a college professor, I've seen guys like that. Those guys are scary smart. Did you get through college in, was it four years or less than four?

CHAR: I ended up doing a little bit less than four.

STEWART: Okay. The reason I'm asking, I'm going to do the math. Here we go. You're 19-and-a-half, you're walking across the stage of getting your diploma. Got your cap on, got your gown on. Looking good. Now, the president of the college or university you went to hand you the diploma, shakes your hand, and you walk off that stage. At the bottom of the stairs, you run into yourself today. Now, given this COVID business and all the environment that we're in, politically and everything else, what advice do you give your 19-year-old self?

CHAR: That's an interesting question. I think the first thing that hits my brain is: "All the weird stuff you're into, keep going." For whatever reason, my 19-year-old self, I'd always wondered, I always was interested in a lot of different things, and I'm like, "Well, does this actually matter?" and so it turns out it does. I think if you have hobbies or interests or weird things that you nerd out on, you learn quite a bit from those. It's not just your didactic learning. It's not just your coursework. What it is is it creates you a very well-rounded approach to how you'd see the world, and I think as an entrepreneur, that's really important, so I think specialization is great, but when you're young, or even now, just learn everything about everything because it impacts your worldview. You don't know what's going to happen to your company, and so what you need is that well-rounded experience base and to know when to joke or to know to go deep into a really nerdy area..

STEWART: That is great advice. It's so fun. I've really enjoyed talking with you and really appreciate you taking the time to come on and educate me. I always say I'm the guy that gets the best deal out of this because I get to learn from the most interesting people, and so I just really wanted to say thank you for coming on.

CHAR: Well, thank you. It's been fun.

STEWART: Good stuff. Dr. Char Hu of The Helper Bees, insuretech, killing it in the long-term care space. We really appreciate you being on. For our listeners, thanks for following us. If you hear something you like, tell your friends. If you have ideas, please email us at podcast@insuranceaum.com. My name is Stewart Foley and this is the Insurance AUM Journal Podcast. ❁

About Dr. Char Hu

After completing his doctorate at Baylor College of Medicine, Char translated his biomedical research experience into Alzheimer's and dementia care. As a founder and director of Georgetown Living, a certified dementia communities, he is actively involved in supporting the needs of Central Texas' older adult community.

Today, Char brings his passion and industry experience to his mission of transforming in-home older adult care. When not tending his hive as CEO at The Helper Bees, Char spends his free time working with local nonprofits focused on issues related to aging, and serving on the boards of directors at AustinUp and Alzheimer's Texas.