

Living Longer, Better: The Venture Case for Chronic Disease Innovation

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- **Chronic care is massive, expensive, and underserved:** 129M Americans live with chronic disease, driving 80% of healthcare spend—yet less than 3% goes to prevention, and innovation has historically lagged.
- **Old incentives stalled progress:** Fee-for-service models disincentivized long-term care, while VCs favored acute interventions with faster exits and simpler TAMs.
- **A new era is taking shape:** AI, value-based care, telehealth normalization, and aging demographics are creating tailwinds for scalable, longitudinal chronic care solutions.
- **What's gaining traction:** Platforms that combine remote monitoring, wraparound services, and comorbidity management to improve outcomes and reduce high-cost claims.
- **Investor takeaway:** Don't chase direct delivery—back infrastructure and enablement platforms that prove ROI, integrate into workflows, and support complex populations at scale.

Introduction

Chronic disease is the largest and most expensive problem in U.S. healthcare, affecting an estimated 129 million Americans, yet it remains one of the most underserved sectors in healthcare innovation and venture capital.¹ Chronic conditions like heart disease, diabetes, and cancer are responsible for nearly 80% of the \$4.5 trillion in annual healthcare costs in the U.S., and their prevalence is rising, with nearly 95% of U.S. adults over 65 affected by at least one chronic condition.^{1,2} Women and minorities are disproportionately impacted, with Black Americans facing over twice the risk of developing diabetes or dying from sudden cardiac arrest compared to their white counterparts.³ Despite these staggering statistics, only 3% of U.S.⁴ healthcare spending is allocated to prevention and public health efforts targeting chronic disease. While acute care solutions have dominated healthcare investment, the lack of innovation in long-term chronic disease management represents a critical gap, one that is about to change as venture capital begins to recognize the potential in transforming this sector.

Through the convergence of AI, value-based care, virtual care normalization, and breakthrough therapeutics, there exists a unique moment for startups focused on chronic disease management to deliver both impact and financial returns. The combination of these forces is transforming how chronic conditions are managed, enabling scalable, patient-centric solutions that are poised for significant innovation.

The Historical Underserving of Chronic Care

For decades, chronic disease management remained in the background of healthcare innovation, with several factors contributing to the historical under-investment.

- **Fee-for-service disincentives:** In a traditional fee-for-service model, providers receive higher financial gains for procedures and acute treatments rather than prevention or longitudinal care. Startups aiming to manage conditions long-term struggled to find paying customers in a system that did not reimburse highly for these services.
- **Investor preference for acute “exits”:** Venture capital traditionally chased the big wins in healthcare, such as blockbuster drugs, or fast-growing “urgent” needs like acute care. Chronic care solutions were often thought of as service-heavy or requiring behavior change, yielding slower growth and smaller TAMs. As a result, only a small fraction of healthcare VC funding historically targeted chronic care management.
- **Point solution fragmentation:** In the absence of large investments, the innovation that did occur in chronic care often resulted in narrow point solutions, such as one app for diabetes coaching and another for hypertension. Employers and health plans that tried to support chronic patients would end up contracting with a number of single-condition vendors, leading to point solution fatigue. By 2023, 41% of employers felt they had too many digital health point solutions to manage.⁵

The net effect of these factors was that chronic care lagged in the innovation cycle, despite the fact that the human and economic burden of these diseases continued to climb.

A System at a Turning Point

Why Now: An Inflection Point for Chronic Care

The convergence of several structural forces is now creating tailwinds for chronic care innovation:

- **AI and Data:** Generative AI and predictive analytics enable earlier detection, personalized care plans, and workflow integration.
- **Value-Based Care:** Risk-based reimbursement aligns incentives around long-term outcomes, creating demand for chronic care solutions.
- **Virtual Care Normalization:** The ubiquity of telehealth and remote monitoring enables continuous, scalable care delivery.
- **Breakthrough Therapies:** New treatments like GLP-1s are transforming metabolic care but require wraparound support.
- **Ageing Demographics:** By 2030, 20% of Americans will be over 65, creating demand for scalable chronic care infrastructure.

These trends are coming together to create an inflection point for chronic care innovation. We're seeing startups go beyond just digitizing what already exists. They're rethinking the entire experience: how care is delivered, how patients stay engaged, and how models scale.

Investment Trends and Market Dynamics

Investment in chronic care is accelerating, particularly at the intersection of AI and value-based care. Startups like Omada Health, Cityblock, and Cadence have demonstrated the potential to improve outcomes and reduce costs. The GLP-1 wave has also spawned new startups focused on virtual prescription management, side effect coaching, and behavior change.

Still, few chronic care models have delivered consistent profitability. As in primary care, capital-intensive models have struggled, and outcomes validation remains key. Successful startups balance clinical depth with tech-enabled scalability.

Tailwinds: Reasons for Optimism

- AI platforms are unlocking population-level insights and streamlining care delivery.
- CMS reimbursement for remote monitoring and chronic care management is expanding.
- Employers and payers are actively seeking scalable solutions to reduce high-cost claims.
- Older adults are increasingly adopting digital tools, broadening addressable markets.

Headwinds: Structural and Operational Challenges

- ROI demands: Payers require hard outcomes data before signing contracts.
- Patient engagement: Sustained behavior change is difficult to drive digitally.
- Policy risk: Reimbursement codes for telehealth and remote monitoring remain in flux.
- Clinical integration: Startups must integrate into existing workflows to gain adoption.

Where Innovation Holds Promise

Despite the challenges, several opportunity areas offer scalable, defensible growth:

1. **Early Detection & Risk Stratification:** AI and data science now enable advanced early risk detection and stratification. Innovators are leveraging EHRs, wearables, and lab biomarkers to stratify risk across populations and personalize alerts.

Notable startups:

- Vironix – AI-driven remote patient monitoring and chronic disease management platform focused on risk-stratifying patients and providing condition-specific treatment plans
- ClosedLoop.ai – Machine learning platform allowing health systems to create custom predictive models for adverse health events
- CareNostics – AI-powered clinical decision support focused identifying high-risk, undiagnosed chronic disease patients for earlier intervention

2. **Longitudinal Condition Management:** Platforms are providing ongoing remote monitoring, coaching, and adaptive care plans by integrating devices, data, and live care teams.

Notable startups:

- Omada Health – Personalized care plans and one-on-one health coaching for management of diabetes, hypertension, and joint/muscle health conditions
- Zeph – Virtual pulmonary rehab program that leverages AI for remote patient monitoring and personalized, longitudinal pulmonary care
- 9am Health – Specialized care for weight loss, diabetes, and heart health delivered virtually

3. **Comorbidity Complexity & Management:** Full-stack platforms are emerging to manage overlapping conditions holistically, especially for complex populations like dual-eligibles.

Notable startups:

- WellTheory – Personalized, multi-dimensional autoimmune care focused on addressing over 20 different diseases and their comorbidities
- Goodpath – Virtual, whole person care for chronic conditions, including diabetes, weight management, digestive health, and musculoskeletal pain
- Cadence – Remote patient monitoring and multi-disciplinary care team providing effective chronic disease management across multiple conditions

4. **Social & Structural Enablement:** A new wave of companies is bridging the gap between clinical care and everyday life. These startups coordinate social services, empower caregivers, and deliver scalable human support to address the broader context of chronic illness.

Notable startups:

- Cityblock – Full-stack Medicaid clinic blending SDOH, primary care, and behavioral health, designed for patients with social and medical complexity
- Unite Us – Tech infrastructure connecting healthcare organizations to social service providers, enabling coordinated, non-clinical care
- Wellthy – Family care concierge for complex patients, reducing the burden on caregivers managing those with chronic illnesses

Backing the Future of Chronic Care

Investing in chronic care is no longer optional — it is essential. Startups that can prove outcomes, navigate complex reimbursement, and build for sustained engagement will be well positioned. Rather than betting on direct delivery models alone, investors should look for platforms that enhance existing care infrastructure, unlock new patient insights, and support underserved populations.

The next decade of healthcare innovation will be defined by how we manage chronic disease — and those who invest early in scalable, patient-centered solutions will help shape a more resilient and cost-effective health system.

Sources:

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