



# ACTIVATE ACTIVITIES

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*"People don't want healthcare. They want good health." Atul Gawande, renowned surgeon, public health researcher, and best-selling author.*

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## Donald Clyde Yount Jr. 1961-2025



We are deeply saddened by the loss of our friend and colleague, Don Yount, 63, who passed away peacefully at home surrounded by his family, on January 25, 2025, after a courageous battle with cancer.

A North Carolina native and UNC graduate, Don served as CEO, CFO, and COO of several venture-backed businesses, including Critical Mention and ultimately as General Partner and CFO at Activate Venture Partners.

Don was recognized with numerous awards, including CFO of the Year by the Northern Virginia Technology Council.

Beyond his professional achievements, Don was a man of deep faith, a talented musician, and a devoted husband and father to his two sons. He approached work as an avenue for personal growth and relationship building, always eager to mentor others. He will be deeply missed.

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Dear Friends, Investors and Associates,

While the Trump administration is making the argument that free markets in global trade have worked poorly for ordinary Americans, we have greater confidence in a different argument: American prosperity will increase if we leverage free market economics in U.S. healthcare.

While U.S. healthcare boasts breakthrough technologies, life-saving drugs, and many of the world's best hospitals and doctors, Americans are increasingly dissatisfied with high costs and frustrating experiences.

For example, a Gallup poll from November 2024 revealed that only 44% of U.S. adults rated the quality of their healthcare as excellent (11%) or good (33%), marking a 10-percentage-point drop since 2020 and the lowest rating since Gallup began tracking this metric in 2001. In the same poll, just 28% of respondents described their healthcare coverage as excellent or good, a significant decline from the peak of 41% recorded in 2012.

While alternative payment models are growing in importance, the fee-for-service payment model, which rewards volume instead of value, still accounts for over 70% of healthcare payments and hasn't improved outcomes sufficiently relative to total costs.

Many fully insured plans operate under minimum "medical loss ratio" requirements that undermine cost containment. When profits are capped at a percentage of premiums, insurers paradoxically benefit from higher overall healthcare spending, as larger medical payouts allow for higher administrative budgets and profits in absolute dollars. The result: insurers too frequently fail to secure optimal pricing or innovative cost-control solutions with providers. Medical loss ratio profit constraints also encourage insurers to maintain administrative friction points that preserve cash, such as delayed payments, complex claim reviews, and burdensome prior authorizations.

It is no wonder that many comprehensive health policy studies confirm that administrative costs in our healthcare system account for approximately 25% or \$1.25T of the \$5T U.S. healthcare expenditure. These costs relate to billing, claims processing, regulatory compliance, and administrative staff. While the U.S. still leads in specialized care and individual outcomes, Singapore's market-oriented healthcare system maintains strong population health standards with administrative expenses under 5% of total cost.

Opaque U.S. healthcare pricing also increases prices and results in wide price variation for identical services in the same market. A market without consumer-led, market-driven pricing misallocates scarce resources and leaves patients unable to make informed decisions about their care.

In addition, the unintended consequences of trying to control costs by limiting which doctors a patient can see confers substantial market power to the largest health systems. More innovative and efficient providers are less likely to thrive in this environment, further consolidating market power.

Fortunately, astute entrepreneurs are building companies that reduce waste, realign incentives, and turn patients into consumers. We believe our portfolio company CrowdHealth, which eliminates traditional insurance overhead through a technology-enabled community model, is an outstanding example. See the recent *Time* article <https://time.com/7269608/crowdhealth-health-sharing/>

By facilitating direct patient-provider relationships with transparent cash pricing, CrowdHealth is helping its 10,000 members pay less for their health care with a much lower denial rate than conventional plans sold on the exchanges. And most importantly, its platform advocacy services and technology markedly improve the healthcare experience.

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Andy Schoonover

### The CrowdHealth Story – by Andy Schoonover, Founder & CEO

After I sold my first company, I purchased a health plan on an insurance exchange for my family. Not long after, we took our daughter to see an in-network doctor to treat her painful ear infections. We followed the doctor's advice and had tubes inserted in her ears in a short procedure. Later we were disappointed to learn that our insurance carrier ruled that the procedure was "medically unnecessary" and that we were responsible for the \$8,000 bill. Until then, I had not appreciated how terrible our healthcare system was for everyday Americans.

- The cash-pay model we've developed reduces the administrative burden which consumes 30-40% of provider revenue and nearly two full workdays of physician time weekly. Our members pay their providers rapidly with minimal friction in exchange for large discounts, enabling doctors to earn higher profits while spending more time with patients.
- Rather than submitting medical bills to an impersonal exchange plan, which denies 20% of claims on average, our members request funding from their fellow community members, who rarely decline to fund the monthly contribution amount.
- By eliminating the health insurance intermediary, patients become discerning consumers and clinicians can take care of their patients without following alienating insurance protocols.
- Our members appreciate choosing providers based on their preferences—including alternative medicine practitioners—rather than being limited to insurance-approved options.
- CrowdHealth's \$55 monthly fee also provides members with educational resources and incentives for preventive care. Our vision is to help members manage their health proactively to live longer, healthier lives with lower costs and less frustration. Visit [www.joincrowdhealth.com](http://www.joincrowdhealth.com)

### Activate Portfolio News — Activate Invests in Mind and Match, Inc.

Activate invested \$1.45 million in Boston-based [Mind & Match, Inc.](#) on November 1, 2024. Co-founders Megan Rozanski and Aditi Gaur started the company after identifying a critical market gap: self-insured employers frequently incur higher costs because employees often utilize out-of-network mental health providers. Mind & Match addresses this challenge by creating an innovative mental health provider network for self-insured employers. The company's telehealth solution combines sophisticated patient-provider matching technology with strategic utilization of the PSYPACT interstate licensure compact—a regulatory advantage largely untapped by incumbent networks. Mind and Match has secured distribution partnerships with multiple Third-Party Administrators seeking a differentiated mental health solution for this urgent problem in employer-sponsored healthcare.

### KAID Health's AI Thought Leadership

In January, Kevin Agatstein, founder and CEO of Activate portfolio company [KAID Health](#), presented on AI in healthcare to investors at Nancy and Todd Pietri's apartment. Kevin emphasized that successful AI implementation requires not just sophisticated algorithms but also unglamorous work: rigorous data preparation and deploying solutions that clinicians will embrace. In March, Kevin and customers ShareCARE and Illumid presented on AI-driven medical coding and care delivery at the National RISE Risk Adjustment Conference.

### Fund Raising Success

We had a first close of just under \$50M for Activate Ventures III (AV III), the \$100M fund we are actively raising. In addition to Mind & Match, AV III has invested in NovaData Solutions and recently signed two term sheets.

### Team Update

Mike Thompson, who joined as CFO, has been a friend of Activate for over 15 years, bringing in-depth financial and operating expertise to the firm.

### Upcoming Events

- On April 11<sup>th</sup>, Todd Pietri spoke at the 2025 Wharton Private Equity & Venture Capital Conference, the theme of which was "Reshaping Capital Strategies in a Shifting Landscape."
- Jarred Bressner is organizing panels in NYC on healthcare innovation for the Harvard and Yale alumni communities. If you're interested or have suggestions for C-level panelists, email [jarred@activatevp.com](mailto:jarred@activatevp.com).

