

## **Jeremy Miller of Health-E Commerce.mp3**

**Speaker1:** [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin. I'm the host of the show in which we interview angel investors, venture capital, family offices, private equity and many other investors for early stage and growth companies. I hope you enjoy this episode. The Investor Connect is a 501 C three non-profit dedicated to the education of investors and startups for fundraising. Please consider donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the Donate button on the Investor Connect org website.

**Speaker2:** [00:00:38] Hello, this is Hall Martin with Investor Connect the day I'm here with Jeremy Miller, chairman and founder of Health E-commerce. Health e-Commerce is the parent brand of a portfolio of brands that consists of its brand FSA Store, HSA Store, Well Deserved Health and Caring Mill Healthy Commerce mission is to make it simple and convenient for the thirty five million US consumers with pre-tax accounts to use them confidently. Jeremy, thank you for joining us.

Thanks for having me.

All right, so tell us more about your background before founding health E-commerce.

**Speaker3:** [00:01:08] Sure. My background before founding healthy commerce, I was working for a lot of small businesses start up companies helping them grow. My last official job I had, I was working for an architect, building out a whole technology platform for 3D architectural rendering. So a little bit of tech, a little bit of health care, a little bit of air, a little bit of everything. Actually, I had wore a lot of hats in different jobs and you know, that really helped me propel to start the business.

**Speaker2:** [00:01:37] Great. So what led you to start working the space to begin with?

**Speaker3:** [00:01:42] As I kind of fell into it, you know, I went to business school in twenty ten twenty nine twenty ten and knew that I wanted to try to find a business to start. And my last role where I was working, wearing those hats, I came across these accounts called flexible

spending accounts and health savings accounts. Never really knew what they were. Seemed really interesting and kind of just stumbled upon it. And, you know, they found it to be kind of pretty niche accounts, people not really knowing what they were not like a big population and people having them. And then when we started digging a little more just saw how big of a market this was and how many people millions of people that actually use these accounts every day.

**Speaker2:** [00:02:27] Great. So what's your advice for people investing in this space? What do you tell them to do before they write that check?

**Speaker3:** [00:02:35] Well, if they if they found the space, they've already done a good job because it's not a big it's not a big space in terms of being out there like you see digital health companies and you see these large service providers and this whole ecosystem of health care FSA is, you know, fall into the kind of consumer directed health care accounts. When we launched a company back in 2010, there was maybe six million HSA accounts and maybe around 10 million FSA accounts. Today, 10 years later, there's almost 25 million FSA accounts and well over 30 to 35 million HSA accounts. So the growth of this industry has just been spectacular. And so if you're looking at it, you know, and you know something about it, you've already come a long way. But I think that there's a lot of companies that you see that are really starting to enter the space or at least try to mark it into these accounts as well.

**Speaker2:** [00:03:31] So let's talk about the state of investing in this sector. How do you see it evolving from here? Where is it going?

**Speaker3:** [00:03:37] Yeah. So when we launched in 2010, there I can, I can count. Maybe on it on my hand how many investments were made in in the space and now seeing a lot of companies really evolve, starting to provide new services for HSA specifically as those accounts have grown. You see new providers kind of entering the market space, so there's a lot of activity, but it's still it's still relatively unknown to the most of the world, even though if you ask someone the odds that they have an FSA or HSA or kind of like one in four. And if you look at people who have access to even just an FSA, it's, you know, it's a huge there's a huge gap to how many people have access to these accounts that just don't use them, don't take advantage of the tax benefits of these accounts. So for investors looking in the space, it's just great to see that

there's starting to be companies that involve and start to provide real services into these, these kind of complex health care accounts.

**Speaker2:** [00:04:38] Right. So what is the growth rate of this sector?

**Speaker3:** [00:04:43] Yes, I think the biggest one is in nature stays, health savings accounts, so there's those if you have an HCA, you put aside up to \$6000 of the family tax free into your high deductible health care account. You know you you're saving a good amount of money. The growth that you see in those accounts has just been astounding, you know, from six million to well over 20 million. And if you look at the number right, if you look at the dollars that are being spent on FSA is, for example, \$24 billion a year is spent each year out of these accounts. So \$8 billion just on prescription co-pays. And so you're like, Oh, these just seem like a niche kind of account. And then when you actually look at it, you're like, Whoa, you know, eight billion, 11 and co-pays. And that's just makes it part of the pie. You know, medical services, products like we offer glasses, contacts, all those type of products that people use every day, they're getting tax free.

**Speaker2:** [00:05:41] Right. Well, you mentioned a moment ago that there's not many didn't used to be very many people working in this space. How many companies you think are engaged in it today?

**Speaker3:** [00:05:51] We did announce this actually we looked into that accompanies, I probably say well over a hundred and fifty companies that kind of touch something that we do now, you know, everything. There's just a gamut of providers and and, you know, companies and startups and. Now, everything from better tools to manage your account, to manage your balance all the way to medical services, transparency tools that a lot of people don't really shop around for their medical services and see how they can save some money, right? Because these accounts are really meant to help people save on their health care dollars so they can stretch those dollars further. And so there's a lot of companies that are really kind of proving out that they're doing that. It's been really excited to see see them, some coming along.

**Speaker2:** [00:06:37] And so what were some of the challenges in starting a business in this space? What did you encounter?

**Speaker3:** [00:06:44] Yeah, I think there's definitely a gap in knowledge, and I think that we found one investor who had invested in the eighties in a very early stage kind of like FSA company, and when he saw our company, he was like, Wow, this is another company that's done well in the space. They don't really come around that often, you know, he's quoting something from the 80s. And so. And just to answer your question kind of more clearly. Are you asking about more like the accounts or the investments,

**Speaker2:** [00:07:18] More the the accounts and is, you know, is there any regulatory that is a challenge here? A lot of these things have regulatory attached to it and it wasn't clear on what the regulatory is here.

**Speaker3:** [00:07:30] Yeah. Yeah, we operate in a highly regulated, regulated market, and we also are dealing with accounts that are coming from, you know, their government sponsored. Right. So the majority of the savings is due to tax savings. So we've been since day one, we've been really focused on on really kind of looking at regulation, really focused on compliance. You know, compliance is a huge aspect of our business. Like everything we do, touch is either a service provider or an administrator, and we have to make sure that we're highly, highly compliant or in regulation for all kind of health care codes. We have to make sure that we focus on HIPAA and high tech and all of the kind of privacy issues that, you know, health care accounts have. And so we've done that since day one. We really focused on making that a priority. You know, back 10 years ago, we did see startups, you know, it was kind of like, Oh, let's just enter the space. You know, we'll provide a nice tool for for people to use and like, well, have you thought about these privacy laws or have you known, have you thought about this regulation? So yeah, we were we were since the beginning, very focused on that.

**Speaker2:** [00:08:47] So you touched on privacy, and there's also data management laws there. How are those changes in your space? What are you seeing on that front?

**Speaker3:** [00:08:56] I just, you know, I think the biggest changes are occurring is that technology is evolving rapidly and you have to kind of also be in a highly compliant environment. And so the challenge we face is when we're looking at new offerings, we're looking at new technology. How do we also build out that technology to make it highly

compliant and some of the providers out there, we kind of have to push a little and say, Hey, you know these, these are the regulations that we're seeing now, right? And how can we build a tool? And do you have the capabilities or not to be able to build a tool that is compliant and regulatory and regulatory as we need? And I think that that's just in a major tech overhaul and we were able to accomplish that and, you know, took some steps, but we're able to do.

**Speaker2:** [00:09:47] We'll talk more about health care, commerce and how do you fit in the overall industry landscape? Are you the premium provider or you the low cost provider? Where exactly do you fit into the landscape and what exactly do you offer?

**Speaker3:** [00:10:00] Sure. So our brand, I mean, is very simple. And actually, that's the brand that we just make it simple. And so as we've talked about a little bit about the complexity of these accounts, the regulation and all the things we have to focus on, we take care of that for the consumer. And so there's no need for the consumer to, for example, submit receipts to adjudicate their claims. There's no need for the consumer to wonder if this purchase that I make on the site, is it going to be covered by my account or are they going to reject it? And I have to go through the hoops to try to get something done. And so we've taken all the guesswork out of it, and we made it really, really simple for people to utilize their accounts. And I think that's why they come to us every time. And you know, there is a time component to these accounts. Fsa is expire after 12 months to 16 months, and so there's also a, you know, kind of a. Time where people need to spend their funds, where they have extra funds, where their funds are at risk of actually expiring, and so, you know, when they're rushing. Usually it's around December 31st to make their purchases. We have to be there. We have to offer what they need. We have to have the customer support that they need. We have to have the products that they want. We have to be able to tick the card that they are using and make sure that the card hits in the right date so they're not losing their funds. And so there's so many components that add up to this health care tool that we provided and making sure that it meets the needs of the consumer. And we've, you know, been focused on that since day one and have continued to execute on making that better each year.

**Speaker2:** [00:11:44] Great. And what do you have coming up in the near future?

**Speaker3:** [00:11:48] But we launched our Medicare site last year, which is really interesting. Medicare Advantage is a new kind of new industry where people can utilize their Medicare dollars on over-the-counter products. And so we offer over 5000 products for people that can want to use their Medicare accounts. Again, the government and providers provide this money, sometimes up to eighty five dollars a month, free to spend on products that they need that people need. And so we launched a site we're looking to really focus on getting some nice partners in that space. There's a huge B2B component to our business and it's the same there. And so we've launched that also excited about our wellness site. Well-deserved. Companies are starting to provide more wellness dollars for people. We meet the needs of really providing tax free wellness. So if you were to create a sometimes in companies, people have to are incentivized to provide a health care report or health care questionnaire, and people get money right and that money can be now tax free so you can go onto our site. You can use that health care dollars to spend tax free, so you're saving 40 percent on the dollar, on things you would normally buy and have to pay tax on, right?

**Speaker2:** [00:13:12] Well, in the last few minutes that we have here, what else should we cover that we haven't?

**Speaker3:** [00:13:17] Now, well, you have a mix of investors that listen in and also mix of startups, I think something interesting around our business and hopefully people can emulate too is just the fundraising kind of sphere that we operated in in 2010. And just, you know, there's kind of what I like to look back on is our fundraising process and kind of doing a lot with a little. And you don't hear that as much now, but you know, I guess for investors looking in the space and for startups that are looking to expand, I mean, you can still do a lot with little. I'm sure you can do a lot with a lot. And we've seen companies do not a lot with a ton. So there's definitely a spectrum there. But in terms of just fundraising, if there's, you know, being in an industry that's kind of niche and looking at a market that all of a sudden became really big, you know, we had a pretty interesting course of fundraising.

**Speaker2:** [00:14:23] Great. Do you see the regulatory changing in the near future limiting this, or do you think it will continue as is?

**Speaker3:** [00:14:30] We've seen things we've seen an expansion, you know, in the CARES Act came out in March, April of 2020. They provided a lot of products that all of a sudden became eligible under these plans, feminine care products over the counter medicines. And so we've really seen an expansion there, and we continue to push on different products to see covered expansion of limits and an amount of money that people can put aside how those funds expire. We've just really started to work closely with our head of compliance and with its kind of anyone that kind of advocates on our behalf on really making sure that these accounts grow. The people use them, that they take advantage of them and really kind of come out, come out ahead with saving on their health care.

**Speaker2:** [00:15:21] Right. Well, how best for listeners to get back in touch with you?

**Speaker3:** [00:15:26] Hi, I'm on LinkedIn. Jay Miller, CBS 20 10. And, yeah, happy to kind of engage on LinkedIn, if you direct the email me or text me or text me, email me or ping me on LinkedIn, I don't even know what it's called on LinkedIn. Just a DM.

**Speaker2:** [00:15:49] I think we used to say connect with me on LinkedIn, but and that

**Speaker3:** [00:15:53] Gives me on LinkedIn. There you go.

**Speaker2:** [00:15:55] I think that's the main thing you can do there, but you can also message you can message on LinkedIn to you after you connect. So it's not like that's the best way. We'll put that in the show notes. Want to thank you for joining us today and hope to have you back for a follow up soon?

Thank you.

**Speaker1:** [00:16:15] Investor Connect helps investors interested in startup funding in this podcast series experience investors share their experience and advice. You can learn more at Investor Canaccord. Paul T. Martin is the director of Investor Connect, which is a 501c3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by hall and podcast guests are solely their own opinions and do not reflect the opinion of

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