McGuireWoods

Episode 133: One Portal for Every Perinatal Journey, With Ian Gardner

Episode Summary

Ian Gardner and his wife struggled to assemble a holistic care team during her pregnancy. At the end of their journey, they had a son — and a solution they called MilkWise, a one-stop portal where mothers can access experts and specialists so they can focus on their infants, not on searching through their various healthcare packages.

“We saw platforms and companies that provided specific components, say, for postpartum depression, pelvic floor rehab or lactation, but no single destination where a mom could go,” Ian explains to McGuireWoods partner and host Geoff Cockrell.

Tune in as Ian describes how MilkWise uses lactation consulting as its market wedge, why payers — not providers — are the biggest operational challenge, and the three pillars MikeWise is built on: products, providers and payers.

Transcript

Voice over (00:00):

This is The Corner Series, a McGuireWoods series exploring business and legal issues prevalent in today's private equity industry. Tune in with McGuireWoods partner, Geoff Cockrell, as he and specialists share real-world insight to help enhance your knowledge.

Geoff Cockrell (00:21):

Thank you for joining another episode of the Corner Series. I'm your host, Geoff Cockrell, a partner at McGuireWoods. Here at the Corner Series, we try to bring together deal makers and thought leaders at the intersection of healthcare and private equity. Today, I'm joined by Ian Gardner, who's a co-founder and CEO at MilkWise, and we're going to kind of explore the MilkWise business model, the strategy, the problem they're solving. But Ian, if you could go ahead and give an introduction of yourself and explain a little bit about what MilkWise does.

Ian Gardner (00:49):

Yeah, Geoff, appreciate it. So I'm a serial entrepreneur. I've been doing this for about 20 years across different industries, expanding clean tech, electric vehicles, and now lately healthcare. And MilkWise, we tilted up when we saw a problem in the women's health space where moms who were looking for a holistic set of provider services during their perinatal journey that would support them physically, mentally, emotionally, spiritually, sort of that concept of the wisdom of the elders in the village, married to modern, evidence-backed science. We saw a gap in the marketplace for moms who were really looking for something that was a little more comprehensive. And so we tilted it up a couple of year agos to fill that niche that we'd identified in helping moms have a more complete journey through this very critical part of the feminine world.

Geoff Cockrell (01:36):

In the absence of MilkWise being present, what would people normally do and what services does MilkWise bring that are different?

Ian Gardner (01:45):

Well, the inspiration for it was when my wife went through her journey with our son and we were living in Topanga Canyon in Los Angeles at the time, one of the best of Western medicine, but she also wanted to weave in the best of alternative medicine and historically how women had babies. For her, this meant a doula, a midwife, herbal remedies, a home birth, but knowing that she had the opportunity to and the support of Western science behind her if things went sideways.

(02:17):

And so as she went to build the care team for herself to have that experience, there wasn't a single place that she could go to find all those services. She was asking her girlfriends or she was on Facebook or Reddit or Instagram or TikTok and piecing together these different components of the journey while educating herself about all these holistic and alternative methodologies at the same time. And then compounding that, she had to figure out which services insurance would pay for, how you build for them, how many times you could go and see the provider under your coverage. And it was just a hugely stressful mess.

(02:55):

And so we saw analogs in the industry of platforms and companies that were providing specific components of that care, say for postpartum depression or pelvic floor rehab or lactation, but no on single destination where a mom could go to. And as anybody who's listening, who has themselves gone through being pregnant or had a partner that's gone through being pregnant, it's a hugely stressful journey. Your emotions are all over the place, your hormones all over the place. The last

thing you want to do is be stressed out sitting on your computer or your phone all day, trying to figure out which care provider you need, trying to figure out whether your insurance will cover it.

(03:31):

And so through that journey, we were inspired to come up with a solution where a mom who wanted to have the wisdom of her grandmother, the wisdom of her mother, the wisdom of the village, plus the best of modern science and the financial security of knowing that insurance was going to cover as much as it could of that journey, there was no place to do that. And so we wanted to create a single portal where a mom could come, she could have a team of experts and specialists around her and would be supported and guided through that journey so she could just focus on her home, her family, her infant, and not worried about all the administrivia of trying to put her care package together. And that was the impetus for tilting this thing up.

Geoff Cockrell (04:10):

I'm assuming that this does not replace the traditional OBGYN relationship but comes in alongside it. Is that a fair statement?

Ian Gardner (04:18):

Western medicine has progressed the domain of the expertise of science by leaps and bounds over where it was a couple hundred years ago. Women have largely been left behind when it comes to how medical research studies the body. Predominantly a lot of those research dollars were directed towards men's health, which is a different topic. There is a rich trove of history and wisdom that falls outside of Western medicine. Western medicine tends to break things down into its discreet components and not look at things from the system level. Whereas what we discovered was those traditional practices looked at it more through the lens of the whole mother.

(04:57):

What we wanted to do was give moms the opportunity to have the best of both worlds, have their OBGYN to bring the best of Western medicine, what it's good at, but then also wrap in all of these other resources the new moms or the expecting moms would have the best of all these other, they're called alternative modalities, but were historically the main modality for childbirth and pregnancy support historically.

Geoff Cockrell (05:21):

What's the mix of cash pay versus things that insurance will reimburse across these different modalities?

Ian Gardner (05:29):

Well, the ACA did a pretty good job of mandating coverage for a lot of these services. Unfortunately, a lot of the insurance companies ignore that mandate and either don't cover it or partially cover it. But in the wake of COVID and all the formula challenges that went through that they were experienced during that period and also the new administration's focus on women's health, the declining birth rate, you're starting to see better coverage for some of those modalities than you've seen historically. Medicaid now will cover doulas where historically it didn't. The short answer is some of them are covered. It depends on your policy and some of them are cash pay and then some of them also have limits.

(06:08):

So like in certain insurance companies, if you're doing lactation consultations, you can only do six and then after that you have to do cash base. So one of the big friction points in the industry in providing this care is just navigating the pre-authorization, service delivery, and then claims process and that's an opaque, murky, unpredictable and irrational part of the journey that is part of the value we provide to our moms and also to our service providers.

Geoff Cockrell (06:34):

What's your assessment of the total addressable market and where does MilkWise fit within that and how's that landscape evolving?

Ian Gardner (06:43):

Well, the nice thing about it is that moms are an evergreen market. You got to catch them at the right point in their journey and then support them through the tail end of their journey. Right now we're specifically focused on lactation as our wedge into the market and then we're starting to expand into other covered services like doulas, midwives, postpartum depression, nutrition, sleep training. But the TAM in the US is the number of moms ties lifetime value, and for meditate and for pregnancy services, perinatal services as a complete bucket, that could be up to 20 or $25,000 per mom per journey depending on the mix of services that they elect to engage with.

Geoff Cockrell (07:22):

What's the competitive landscape look like? Is it all just kind of bits of these services? Are there OBGYN practices that are vertically integrating into these arenas? What's the competitive landscape look like?

Ian Gardner (07:35):

It's less the OBGYN practices and more technology platforms that are addressing this segment of the market in different ways. Many of them are just referral based, so if you're looking for a specific service in a specific zip code, they'll connect you with a provider, but there may not be any vetting or

accreditation or monitoring of the providers. Most of them don't help with the backend insurance processing. Some are specifically focused on providing back office for the providers, but not necessarily helping to find and educate and support the moms. Some of them are focused on strictly western modalities, very little that's focused on incorporating some of the Eastern or the historical modalities.

(08:16):

So we really think that the sweet spot for this market is supporting the mother through the complete journey by providing access to best in class providers and guidance and then also managing all of the insurance payments and processing on the backend and then leveraging the power of these emerging agentic AI structures as middleware tools and intelligence layer tools so that you can deliver that care in a very cost-effective management enables you to scale without having to build huge ballooning org charts. As this starts to develop, we think that's going to be the sweet spot and the right balance of capital light, comprehensive care and frictionless, seamless service to support the moms through that entire arc of their perinatal experience.

Geoff Cockrell (09:01):

And do you all have the service providers or are you a much more sophisticated kind of intermediary that vets and helps clear reimbursement? Which of those directions have you guys taken or is it a mixture of both?

Ian Gardner (09:13):

Right now, the providers are all independent contractors. So we screen for quality accreditation, continuing education, quality of care, and a bunch of other background things. We don't let any one modality or practice capture the flags. So for lactation consultants, we'll go out, we'll recruit the IBCLCs, we'll make sure they're accredited and we'll monitor the quality of care that they're delivering and then we'll continue that strategy into these different verticals by leveraging our provider networks and other relationships. But they're not considered part of the practice where they're employees and we manage and train them. Found that at least in this initial part of the journey that allowing them to run their businesses the way that they want to run them since a lot of them are independent practitioners and then supporting them with their pain points is the right model for scaling.

Geoff Cockrell (10:00):

What markets are you in at this point?

Ian Gardner (10:03):

Currently, we're just in California. We've just closed around a funding that's going to take us into our next five target states, Florida, Texas, New York, Michigan, North Carolina, and so that'll be the next two quarters. In addition to adding a bunch more verticals for service provision, doulas and midwives,

we already have lactation support and so that'll be the next two quarters and then we'll look at scaling a little bit more aggressively in 2027.

Geoff Cockrell (10:28):

You say round of funding, that sounds like more venture type minority-based funding than private equity style funding. What does that look like?

Ian Gardner (10:38):

Yeah, we're a little early in our journey to be interesting from a private equity perspective. So we're venture backed and we're just starting to climb up that curve. We're probably 36 to 48 months away from having the level of balance sheet and cashflow and top line that's going to be interesting from a PE perspective.

Geoff Cockrell (10:54):

Do you view yourself and present yourself as a technology solution principally or a services solution? How do you think of yourself and go to market?

Ian Gardner (11:04):

Well, we are at heart a technology company because we are using technology to take all the friction out of care delivery, but care delivery is the context, that's all person to person. It's the interpersonal relationships that drive the healing and wellness. So the strategy is to hide all the technology behind the scenes so that the in person is magical, easy, frictionless, memorable and therapeutic. And so while there is a heavy reliance on technology behind the scenes to make all that experience look like that, the primary focus outwardly is heroing the providers and the moms for this heroic journey that they're undertaking and making sure that the intimacy of that care and that care relationship is preserved and protected.

Geoff Cockrell (11:49):

If I were to hazard a guess at the largest challenge, I would guess that the hard part is securing providers. Is that true? And if so, how have you navigated that?

Ian Gardner (11:58):

No, we have not found that to be the hard part. The hard part is the payer because each payer has different rules, each has different contracting practices, each has different coverages and the payers are terribly old school. There's not, for instance, in any other mature industry, if you were checking a patient's insurance coverage, there would just be an API that you can tap into. You would provide their policy and name and then the computer system would spit back what their coverage was, what their deductible is, how much they've paid, what's left, how many sessions are left, and all that could be totally automated. But for the insurance payers, that's a person who has to make a phone call, talk

to another person at the insurance company, go through the patient's policy requirements, and then the insurance company gives provisional approval for the service to be delivered.

(12:50):

But then after you've provided the service, after you've paid the provider, the insurance company that can then come back around and say, "Oh, just kidding. That's not actually covered. Sorry about that. You're just out of money. You're out of the pocket on that one and good luck next time." The real friction point in seamless efficient care delivery is on the payer side, not on the provider side. The provider side, we've got that into a pretty well-oiled machine. Navigating these archaic structures with the insurance companies is by far the biggest friction point that we've encountered.

Geoff Cockrell (13:21):

Does that friction with payers create any sort of moat or there are relatively few barriers to entry for other participants?

Ian Gardner (13:31):

Well, it does create a moat if you have the balance sheet and the wherewithal and the expertise and relationship capital to go through the process of becoming in network with all of these payers. That is the hack on the friction of the model. If you're out of network, then you have to go through the arduous and unpredictable journey that I just described. If you're in network, then all that becomes much more seamless, although it's still not without its pitfalls.

(13:55):

And so a large part of our energy internally, we sort of split the business into three core pillars. One is around product and moms, the other is around providers and the other is around payers. And a lot of time and energy goes into the payer strategy, who are the right payers, what are the right relationships? And then applying to them, going through the certifications, becoming in network, and then that has to be repeated on each state that you operate in. So currently we're pretty well through California, but now to open these other states, you have to go rinse and repeat that entire process to be able to operate in those states as well. It's quite time-consuming, but it also does, to your point, it does create a vote once you're through that gate.

Geoff Cockrell (14:33):

The moat of acquiring new patients, is that a referral-based process or kind of advertising base? How do you get new folks?

Ian Gardner (14:43):

Well, we get them through a couple of different channels. The providers bring their own book of business that they'll onboard to the platform in return for us taking the friction out of the payment processing and back office. We also work on with distribution partners to where we do co-marketing relationships. So for example, nanny services or hospitals who need outpatient support or platforms that provide specialty services that we don't have like pelvic floor rehab that we currently don't have as part of the solution, or bricks and mortar stores that are places where new moms can go and get baby supplies or have activities for their babies. So there's a bunch of different channels and then there's some paid advertising through social media where moms hang out.

(15:23):

And then we're also kicking off a big push now to just be present in the communities where these conversations are taking place and support moms and providers in those discussions by adding whatever value we can around the edges with insights we've had or things that we've learned along the way to make it a better experience. So it's a multi-pronged approach that's designed to make us ubiquitous, but also keep the CAC for mom acquisition at a rate that is competitive with what the overall lifetime value is.

Geoff Cockrell (15:51):

As you look to grow, is it just moving into other geographies or are there adjacent services that you think you could kind of expand into? How do you think of that?

Ian Gardner (16:01):

It's a balancing act between the mix of services and the geographic footprint. So the service providers, particularly around these alternative or historical service providers like doulas, like midwives, like lactation consultants, they tend to cluster in a handful of states, it's like the 90/10 rule or the 15/85 rule. And so we focus on targeting states that have the density of providers and the cultural mindset of moms where these type of services are ones that they would be looking for and find attractive. And then within those geographies where you have provider density, then we focus on adding services to leverage that provider network so that we're delivering a comprehensive solution. But we're going to remain focused on perinatal care delivery. I don't imagine us getting into other areas, at least not for the next five or six years.

Geoff Cockrell (16:58):

That's interesting on the provider density. Hearing that I would assume that means California and the Pacific Northwest, is that true? And what other kind of geographies have that kind of density and what do you think culturally lends itself to that being present?

Ian Gardner (17:14):

Well, it does tend to be the coasts and urban centers. California, obviously the most notable one, and then New York, Florida, Texas, Michigan, but you're also seeing demand for these services in areas where there aren't a lot of providers. And so as women educate themselves more on the pros and cons of traditional solutions and traditional service delivery versus the solutions and resources that their mothers and grandmothers and great-grandmothers had, you're starting to see a demand for these in areas where the providers aren't necessarily as present.

(17:50):

And so as we think through our service provision strategy, a big part of that as we look to these markets that are less densely populated with provider networks is how are we going to leverage our telehealth strategy to reach those communities? That's also part of the contracting with the payers in each state is to understand how they view telehealth for care deserts and how they view in person care and negotiating the right mix of services and fee structures so that it's worthwhile and it's profitable for the care providers to service those moms as well, because there's usually a pretty significant delta between telehealth reimbursement and in person care reimbursement. Part of what we do is advocate for the providers on their behalf to make sure that the telehealth numbers are where they need to be to support a profit model for us and a profitable business for them and also enable moms who are in areas where you don't have a doula or a midwife or an lactation consultant to have a version of that care that's accessible.

Geoff Cockrell (18:43):

You certainly have an interesting business. It feels like a growing market that we'll see more kind of participants in these sorts of businesses. Best of luck to you as you guys grow and hopefully we'll encounter you down the road in a fun transaction. But thanks for joining me. It's been a lot of fun.

Ian Gardner (18:58):

Thanks, Geoff. Appreciate the time this morning.

Voice over (19:04):

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