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## Healthier Patients, Happier Physicians



Adams Street seeks to help exceptional teams build market-leading companies with our founder-first approach, value-added services, and global presence.

The healthcare industry shift toward a value-based care model, which rewards physicians for providing high-quality care at lower cost, has been a focus of Adams Street's Growth Equity Team for several years. Healthcare costs in the US have risen at rates much higher than inflation due to a host of factors, including population growth, aging seniors, the prevalence of chronic conditions, and increasing service intensity and utilization.

The traditional fee-for-service ("FFS") model, reimbursing providers based on services rendered, whether necessary or not, has been scrutinized as a culprit. The value-based care ("VBC") model seeks to combat rising costs and drive healthier populations by rewarding providers for improving quality and keeping patients healthy. Focus is placed on proactive, preventative care that is holistic and coordinated among providers.

## Adams Street's Investment in VillageMD

The healthcare system has realized significant savings under VBC, particularly with physician-driven models.<sup>1</sup> While many payors and providers have reported that nearly 50% of healthcare payments are now flowing through value-based contracts,<sup>2</sup> only a small fraction of those are in full-risk (global capitation) models that have the potential to make the most impact by fully aligning providers with keeping patients healthy and not subjecting them to unnecessary care. Therefore, in addition to investing in several technology companies that support the mission of value-based care, Adams Street has been actively looking for provider organizations that have demonstrated success in full-risk models, which led us to VillageMD. We recently invested in VillageMD's Series B financing to help support their mission to partner with primary care physicians by providing the practice infrastructure, technology, and population health tools necessary to succeed in these new care models.

Adams Street believes that VillageMD has demonstrated the following characteristics:

### 1) PROVEN RESULTS:

VillageMD's care model was pioneered by co-founder Dr. Clive Fields through his Houston-based group, Village Family Practice, many years before VillageMD was launched. There, he and his colleagues drove proven, repeatable results in both quality improvement and cost reduction.

### 2) SCALABILITY:

As VillageMD scaled to several hundred physicians in Houston and more than 2,500 throughout the US, they continued to demonstrate their ability to reduce the overall cost of care while improving quality and outcomes for increasingly large populations. Through the Company's DocOS platform, VillageMD built a host of technologies that can be deployed at-scale and easily adopted by physicians to better manage their patients' health.

### 3) PHYSICIAN QUALITY:

The ability to decrease healthcare costs hinges on the ability to attract and retain high-quality physicians, which VillageMD has demonstrated. "We have always focused on providing technology and infrastructure to improve the care that can be provided to complex and chronic patients. A patient-focused practice is why physicians are called to this profession in the first place," said Tim Barry, Co-founder & CEO.

### 4) PARTNER LEVERAGE:

Helping VillageMD further attract physicians and improve the sustainability of the healthcare system is their recent partnership with Walgreens. Together, VillageMD and Walgreens are building full-service primary care clinics directly next to Walgreens locations that will bring care to the neighborhoods where people live. This is intended to tightly integrate the medical and pharmaceutical experience for patients, particularly those who are managing chronic disease.



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Tim Barry,  
Co-founder & CEO





## In Summary

The healthcare industry continues to face significant challenges, and we believe VillageMD's approach is a step forward in helping solve them. Primary care physicians are in a strong position to coordinate care delivery and influence the best possible health outcomes by taking a comprehensive view of their patients. We feel privileged to work with the three co-founders Tim, Paul, Dr. Fields, and the rest of the team at VillageMD to help them realize their vision. ■

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1. <https://www.fiercehealthcare.com/payer/physician-led-acos-generated-almost-seven-times-more-savings-than-hospital-led-acos-avalere>
2. <https://healthpayerintelligence.com/news/47-of-payer-provider-business-tied-to-value-based-care>

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