

**A Healthcare IT Company Focused on Reducing Unplanned Hospital Readmissions and Discharge Plan Adherence, NudgeRx Provides Daily Mobile and Web-Based Recovery Monitoring and Guidance for Patients and Caregivers**

**Healthcare  
Post Hospital Monitoring**

**NudgeRx  
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**David Schuster  
CEO**

**BIO:** Twenty years experience in healthcare, pharmaceuticals/biotech and emerging technologies; Managing Director – Galt Strategy, LLC.; VP of Corp Development - Hythiam, Inc.; Managing Director – Arkad Capital Partners; VP of Biz Dev – Planet X Software; BSBA – Marquette University.

**About NudgeRx:**

NudgeRx reduces unplanned hospital readmissions by providing daily, mobile and web-based recovery monitoring and guidance for patients and caregivers. Combining web-based dailyCheck-Ins, informational articles and live nursing assistance, we help recovering patients stick to their discharge plans.

NudgeRx offers: Daily patient monitoring questions and recovery tips; Medication adherence; Online library of informational articles; Clinical staff just a phone call away.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFO Magazine**

**CEOCFO:** Mr. Schuster, would you tell us the basic concept of NudgeRx?

**Mr. Schuster:** NudgeRx is a healthcare technology company or healthcare IT company that is focused on trying to help prevent hospital readmissions. It is a combination of both a technology and a service. We monitor patients once they have been discharged from the hospital and we test them on a daily basis, using both mobile and web based technologies, all overseen by a services component. That can be live nurses or a SaaS piece that we license out to our hospital or health insurance customers.

**CEOCFO:** Are there particular types of patients or types of procedures that lend themselves better to your system?

**Mr. Schuster:** We launched in the area of heart surgery; specifically coronary artery bypass graft (CABG) and heart valve replacement. We have now expanded into congestive heart failure, general surgery and orthopedic surgery. Our system is design so that we will keep scaling and dropping additional conditions. However, to answer your question specifically, our system runs itself very well for any of the really complex discharges. Therefore, it does not matter, regardless of the age or the

computer skills of the patient, because we also involve a family member/caregiver in the process. If the patient is too sick to use the system on the web or a mobile app, then a family member does it for them. That allows us to cross over many issues; technology issues or language issues, what have you.

**CEOCFO:** How long has your offering been available?

**Mr. Schuster:** We launched the company in January of 2010. We officially started treating our first patients in 2012. We just published the result of our Institutional Review Board (IRB) approved study. This study was conducted at Sharp Healthcare in San Diego. The study objective was to follow heart surgery patients for 90 days and to reduce the national 30-day average readmission of 25%. The NudgeRx system succeeded in hitting a 30-day readmission rate of 12% and a 90-day readmission rate of 14%. Both of these numbers are significant and immediately help a hospital improve patient care and lower costs.

**CEOCFO:** Are you contracting with the hospital or with individual doctors? What do you need to do to get both of those components involved?

**Mr. Schuster:** We contract directly with hospitals and health insurance companies. To get them involved we are going to the hospital and we are contracting with the Chief Executive Officers, CFOs, or the Vice President of clinical services. We also work with the Nurse Managers, Clinical Directors, and Discharge Planners. We work with the same individuals

within the health insurance companies. The health insurance companies that work better for us are the ones that are more of the Medicare Risk, Medicaid Risk plans or the HMO's.

**CEO CFO:** Are doctors involved in the process?

**Mr. Schuster:** The doctors are very involved. The doctors love NudgeRx. They know that the patients are being well taken care of and kept out of the hospital. We are actually seeing an impact in terms of reduction in the length of stay as well as a decrease in readmission rates. Overall, what we have seen is that doctors are much more comfortable sending a patient home with NudgeRx. They know that someone is watching their patients and monitoring them on a daily basis. They are comfortable that we will catch the patients' problems before they become acute. We basically deal with the minutia and triage all the simple challenges. The doctor only gets alerted when they really need to get involved. For instance, we have seen that patients do not like to call the doctor or nurse when it is eleven thirty at night. They feel as if they are bothering someone or are embarrassed. It is easier for them to just go to the ER. However, with our system they will contact us, because we have made it easy for them to do that. Therefore, doctors really do love what we are able to do and they see that NudgeRx works. Lastly, we help increase their patient satisfaction scores. We even see how we have increased the overall impact it has had, even in doctors working together. That is because it brings a group together when they see the overall impact on the patient base.

**CEO CFO:** You said that you triage some of the questions or the problems. Is that done through programs? Is that done by live people? How does that part of the component work?

**Mr. Schuster:** It is a combination of both a services and technology. Our system is a rules-based algorithm software that is running in the background. We take the discharge

paperwork from the hospital, check it for errors or mistakes and then enter it into the NudgeRx system. Once the patient goes home, we then contact the patient and their caregiver to enroll them in the program as well as complete a medication reconciliation. Upon the completion of the onboarding call, we ask the patient or the family member/caregiver to check-in with us daily via our mobile app or the web. They check-in with us is by logging into their mobile device or the patients customized website and answering questions that are unique to the discharge. We track all vital signs, mobility, constipation, pain, infection and even depression. As they are answering the questions we are scoring the responses in the system internally determine if an issue is present. If there is a negative response the system will automatically ask an appropriate follow up question. For instance, one

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of the questions a patient answers is by selecting images of surgical wounds in healing progression. They are supposed to pick the image that most closely resembles their own wound. If the patient clicks on an image the red or infected wound, the system will immediately ask a "what is your temperature". Lastly, if a patient answers a question that might indicate a server problem, an alert is sent to a nurse. The nurse will then call the patient and do a final triage and potentially direct or advise the patient to seek the appropriate level of care.

**CEO CFO:** Do you need the consent of the patient? Is it presented as an option for the patient or is this just once the hospital has implemented it something that they just do as a standard?

**Mr. Schuster:** Yes, we have to get consent from the patient, because we are dealing with personal health information. We do operate under a business associate agreement with

the hospital and the health insurance company. Therefore, all information and privacy is maintained and monitored.

**CEO CFO:** What about elderly patients? Are you able to get them to buy in or more difficult?

**Mr. Schuster:** Actually, it works very well with elderly patients. You do have some "push back" initially and that may be a phobia of technology or something like that. However, interestingly enough, if you think about it we are successful because we involve the caregiver in the process. Therefore, by engaging that person in the process we are very successful at crossing over into the elderly population. What is interesting is that you do have someone that goes home and maybe they are not tech savvy. Odds are that their grandchild or their son or daughter is and will help. The other component is that much of the time the elderly do get involved, once they get healthy enough. They want to be able to answer the questions on their own. They find interesting and intriguing to use technology. Perhaps they believe it will help them to communicate better with their grandchildren and teach them something new.

**CEO CFO:** Would you tell us the revenue model for NudgeRX?

**Mr. Schuster:** We sell our solution as a per patient bases to hospitals and health insurance companies. We charge either for thirty or ninety days of patient monitoring. We are paid a flat rate for our services. Additionally, we offer a SaaS model to companies wanting to only purchase our software.

**CEO CFO:** There are many companies looking at some form of monitoring or electronics or TeleMed. What is the competitive landscape for you today?

**Mr. Schuster:** It is interesting. I think there are companies out there that are trying to take different approaches. I believe that our biggest challenge is not necessarily the competitors. It is great that we have competitors in the industry. It shows

that there is a market. I would argue that the bigger problem is that hospital sales cycles are beyond eighteen to twenty-four months and it is killing the healthcare IT industry as a whole. This long sales cycle makes it very hard for startups to be successful. Hospitals are also not investing in new solutions right now. They are trying to operate as "Business as Usual". Finally, I think it is just an overall cash conservation that is going on in healthcare. The bigger competitor for us right now than other companies; is that hospitals in general are just not buying new services. This is a challenge whether you are selling an EMR program, a service to be used in the patients' recovery room, or one that is sent home with them. NudgeRx does stand out in the crowd, because we have published an IRB study with very good results. Not very many startup companies have done this because it is difficult and requires a lot of work and time. Additionally, we also differentiate ourselves because we offer the integration of a technology and a service to monitor patients. I believe we are still unique with this approach; again because it is

hard and require a capital investment that most startups are hesitant to make. Who wins in the end? I cannot answer that question. However, I think that right now all of us are struggling with market penetration and long sales cycles.

**CEO CFO:** You have a fairly varied history in healthcare, biotech and emerging technologies. What have you learned in past experiences that have been most helpful in this particular venture?

**Mr. Schuster:** Being laser focused on our offering. Being very concise and clear on what we are putting together and having a strong proof of concept.

**CEO CFO:** What is ahead? How do you navigate the troubled waters and get your product through to wide acceptance?

**Mr. Schuster:** I think that our industry probably going to be going through M&A activity. Ideally to survive the turmoil in the industry and obtain the capital to succeed, companies need to find partners that already have customers to help accelerate the sales process as well as expand the product offering. This phase of

consolidation and change in the industry will continue over the next twenty-four to thirty-six months.

**CEO CFO:** Why should investors and people in the business community pay attention? Why does NudgeRx stand out?

**Mr. Schuster:** I believe in terms of overall as a company, we are one of the few companies with actual published outcome data. This definitely allows us to stand alone. I also believe that we have a very impressive sales pipeline; albeit the sales cycle is long. Investors should look at NudgeRx as an early stage opportunity with a very strong potential for a large win in the long-term. It is a very unique company. The bigger issue is that I would ask investors out there is that they should look at more early stage A level deals. There is a vacuum that exists in A rounds right now and there are a lot of fantastic companies looking for investors. We need to get more investment in companies that are pre-revenue. The risk might appear greater, but so are the rewards.



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