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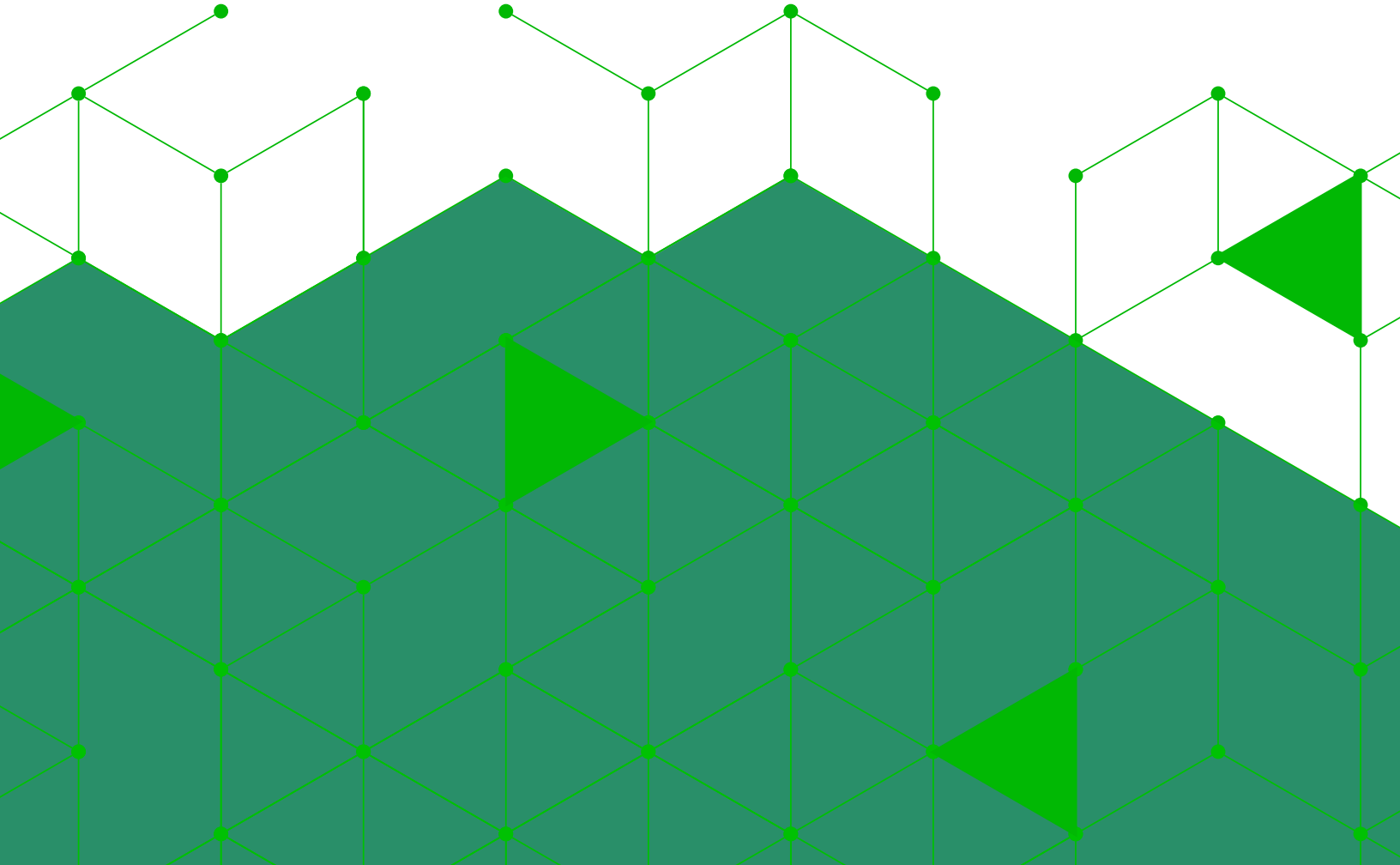
Investing in the Future: **Opportunities to Support Digital Innovations in Youth Mental Health**



Letter from RockHealth.org's CEO

As digitally native generations increasingly embrace technology in all facets of their lives, the digital health sector stands uniquely positioned to meet a critical demand to transform the well-being of children and adolescents. While there is still much work to do, research shows that young people are embracing digital tools and technologies as resources to support their health and wellness.

We at Rock Health believe digital health innovations can offer scalable, substantive impact in the arena of youth mental health—but solutions must be built with intention and informed by emerging insight on what is currently working and what gaps remain. That's why in 2024, RockHealth.org, the non-profit entity of Rock Health focused on advancing equity-centered digital health, launched the Digital Youth Mental Health Initiative in partnership with, impact-driven collaborators Pivotal, Penner Family Foundation, Hopelab, and the Arthur M. Blank Family Foundation. This work is possible thanks to their enduring commitment and sharp insight.

Together, we embarked on this effort to explore and advance innovative solutions that address the mental health needs of youth. This required gauging the current state of the youth mental health solution market—the current players, funders, and business models. We gathered consumer data on young adults' use of digital health tools to understand how to build better for this specific generation. With these insights—and the input of an array of subject matter experts—we developed guidance for innovators and investors. This white paper encapsulates our learnings, offering a detailed analysis of the market dynamics, funding trends, and solutions for digital youth mental health.

As we look ahead to 2025 and beyond, Rock Health will continue to engage a diverse array of stakeholders, elevate critical insights, spark meaningful connections, and scale impactful innovations. Our goal is to create a robust ecosystem that supports the mental health and well-being of youth across the United States.

We invite you to join us in this vital endeavor. Together, we can harness the power of digital innovation to make a lasting difference in the lives of young people, ensuring they receive the support and care they deserve.

Sincerely,

Katie Drasser
CEO, RockHealth.org

Acknowledgements

Publication Overview
This publication was developed by Rock Health after conducting extensive research on the opportunities and challenges that digital health innovators face in the youth mental health sector. This work has been informed by the efforts of RockHealth.org's Youth Mental Health Initiative, supported by our funding partners, and guided by leading field experts. Our findings emerged from a thorough review of existing literature, analyses of digital health consumer adoption data, and direct discussions with field experts. We extend our heartfelt thanks to everyone who contributed to this information collection, synthesis, and content development process.

Publication Authorship and Acknowledgements
This report was written by Katie Drasser, Rebecca Benghiat, Carmen Heredia Rodriguez, Irene Golden, and Adriana Krasniansky. Special thanks to our funding partners—Pivotal, Penner Family Foundation, Hopelab, and the Arthur M. Blank Family Foundation—who have stewarded this work. We are also deeply grateful to our expert discovery interviewees, as well as Madelyn Knowles, Mihir Somaiya, and Deonta Wortham of Rock Health, and Solome Tibebu from Behavioral Health Tech, for their invaluable contributions to this publication. Lastly, we extend our appreciation to the numerous leaders across Rock Health's community who are dedicated to advancing innovation in youth mental health.

About Rock Health
Rock Health accelerates innovation at the nexus of healthcare and technology through an early-stage venture fund, a digital health strategy group, and a non-profit advancing equity-centered change. As a leader in digital health for over a decade, we are committed to transforming health for all humanity and bringing greater humanity to healthcare by investing in, supporting, and advising innovators and entrepreneurs across the healthcare landscape. From early-stage startups to enterprise health companies to equity-focused innovators, we provide our community with the meaningful support and insights needed to bring innovation to life and improve healthcare for all. Learn more at rockhealth.com.

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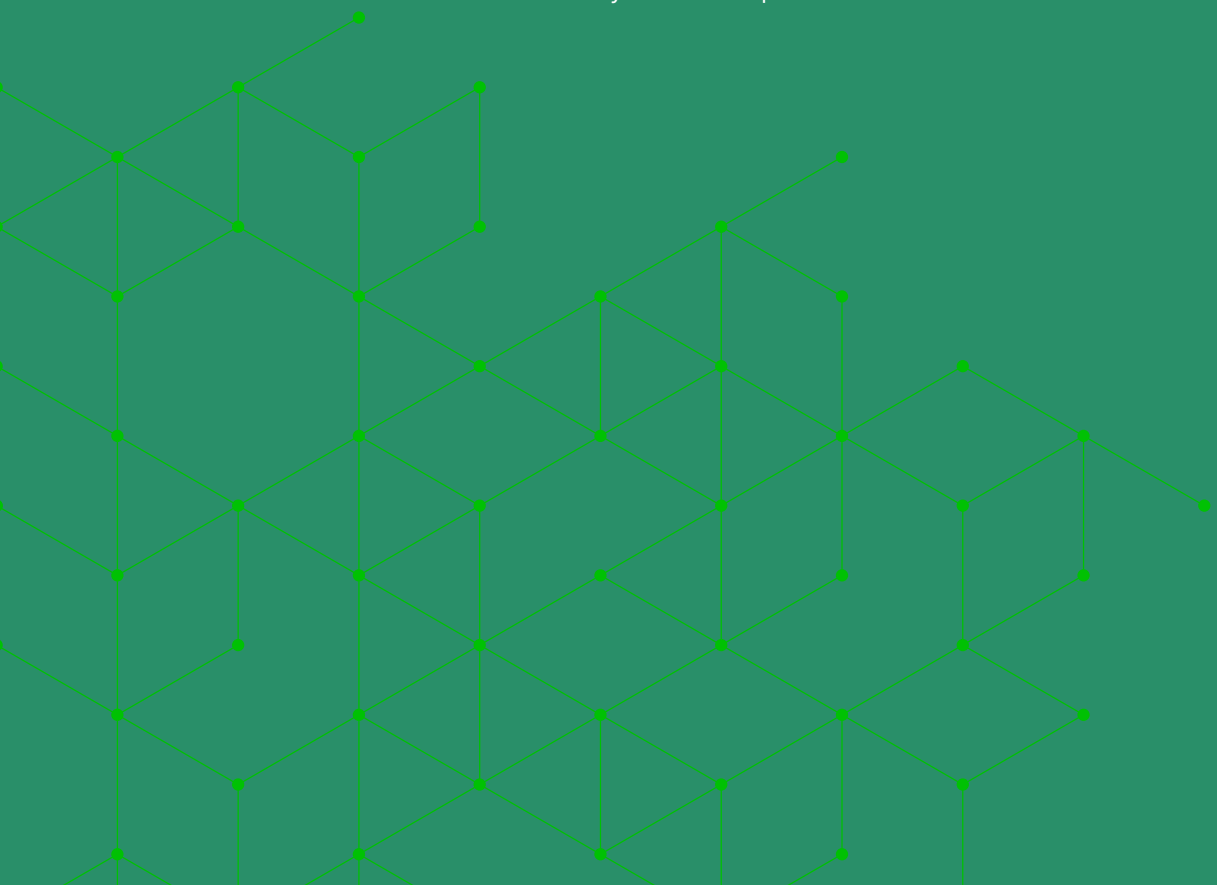


Introduction

Today's youth mental health crisis presents a great need—and opportunity—for healthcare innovation. More than one in five young Americans ages 3-17 (21.8%) experience a mental or behavioral health disorder.[1] Intersecting factors like race, sexual identity, family income, and insurance status amplify mental health needs for different communities of young Americans and limit their access to care.

Key terms used in this white paper:

- **Youth** refers to individuals ages 2-24, including children, adolescents, teenagers, and young adults
- **Youth Mental Health** encapsulates mental disorders (e.g., anxiety, schizophrenia), behavioral health disorders (e.g., attention deficit hyperactivity disorder, or ADHD), developmental disorders (e.g., autism spectrum disorder, or ASD), and substance use disorders that young people may experience

In 2023, venture rounds by digital health startups addressing youth mental health made up 34% of investment dollars in digital behavioral health

Though U.S. digital health companies with mental and behavioral health offerings have commanded at least $1B in venture capital every year since 2020, fewer resources and attention have been historically deployed to support youth.[2] Thankfully, the tide is changing. In 2018, venture rounds by digital health startups addressing youth mental health made up 15% of investment dollars in digital behavioral health—by 2023 they made up 34 percent.[3] New startups are targeting a diverse range of youth mental health conditions and needs. Transformative capital is flowing into this space from investors and philanthropic sources, shifting funding trends and investor attention.

Leaders who want to drive forward new programs, partnerships, and investments in youth mental health need to understand how digital solutions operate in the space. Designing for youth means that product development, user experience, and data privacy questions vary from "adult" standards. Go-to-market channels and payment models look different too, because young people often rely on their parents, schools, or government programs to access health tools and resources. However, complex environments offer big opportunities if innovators have the knowledge and resources to navigate them.

This white paper presents Rock Health data, research, and insights from our partners in the youth mental health community to explain the business and innovation environment in which digital youth mental health solutions operate. With this as a foundation, innovators and investors can blaze trails that support the mental health and well-being of young people in the United States.

Understanding the Need

Young people are experiencing more mental health challenges than ever before. National leaders have named this a crisis moment for youth mental health, compounded by factors like systemic racism, social media dependence, and the lingering effects of the COVID-19 pandemic.[4] According to research published in *JAMA*, youth mental health needs drove $59B in medical spending across U.S. households in 2021 alone.[5]

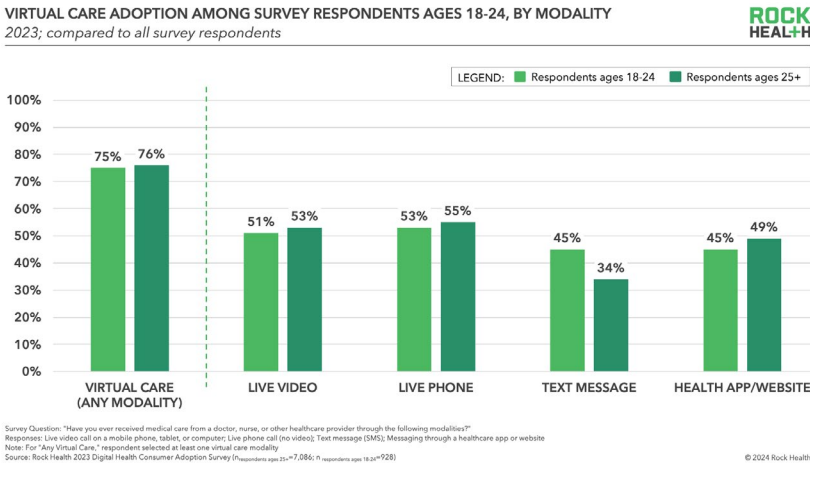
The prevalence of mental health conditions in young people varies by age group, though conditions such as anxiety and depression are increasingly common across all ages. Many young people experience more than one mental health condition simultaneously, such as depression and anxiety.[6] Youth mental health conditions also impact families, with 53% of working parents reporting they've missed work at least once per month because of their child's mental health.[7]

The good news is that more young people know about the importance of mental healthcare than prior generations. In a 2024 survey from Lurie Children's Hospital, 98% of millennial parents reported talking with their children about mental health, despite two-thirds saying that their parents never talked with them about it.[8]

Today's youth have also grown up in a digital world, which makes technology an important but complicated resource for mental health. Online spaces can have negative impacts, contributing to toxic social media behaviors, technology addiction, and cyberbullying.[9] However, many young people also rely on these same digital platforms for health information and support.

The complex interplay between young people and the digital world means digital mental health solutions need to consider how behaviors and preferences may diverge from older generations. In one example, Rock Health's 2023 Consumer Adoption of Digital Health Survey showed that 45% of Gen Z respondents used text-based virtual care tools, 11 percentage points above the survey average.

> "Young people are more open to talking about mental health than other generations, and they're more comfortable doing so virtually. Young people want to know that the feelings and experiences they're dealing with are experienced by others, and that they're not alone."
>
> **—Stephen Schueller, Professor of Psychological Science and Informatics, UC Irvine**



Today's Digital Youth Mental Health Landscape

This section overviews investment activity and explains the types of venture-backed digital solutions in the market to help funders and leaders understand the current state of play for youth mental health innovation.

The market for digital solutions focused on youth mental health is still early, but growing to address a range of conditions and needs

Funding dynamics

What are the current investment trends in youth mental health? Where is there opportunity to support innovation through funding mechanisms?

Behavioral health has been a top-funded therapeutic area in digital health for the past several years. Investment in this space surged due to high demand for mental health services and increased supply of digital offerings during and after the COVID-19 pandemic.[10,11] Until recently, only a small percent of those dollars went to support youth mental health, relating to a bigger trend of underinvestment in pediatric healthcare innovation. Funding dollars for pediatric digital health startups made up less than 5% of digital health investment from 2011-2023, despite the fact that young people make up nearly one-quarter of the U.S. population and 10% of national health expenditures.[12,13]

Today, tech-enabled solutions for youth mental health are more common, and funding is growing. According to Rock Health's Digital Health Venture Funding Database, investment in digital health startups addressing youth mental health grew from 15% of total digital behavioral health funding in 2018 to 34% in 2023.[14] Investment activity in early 2024 suggests continuing momentum, with venture rounds from digital youth mental health startups like InStride Health (raised $30M in March 2024) and Backpack Health (raised $14M in May 2024).[15,16]

VENTURE FUNDING FOR U.S DIGITAL HEALTH STARTUPS ADDRESSING YOUTH MENTAL HEALTH
Includes U.S.-based startups that raised $2M+ in venture funding between 2018-2023

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Note: Youth mental health encapsulates disorders (e.g., anxiety, schizophrenia), emotional disorders (e.g., mood disorders), behavioral health disorders (e.g., ADHD, autism spectrum disorder), and sub-clinical mental health concerns (e.g., stress management); in non-youth contexts, Rock Health refers to this category of conditions as "behavioral health"; [1]Total behavioral health funding includes funding to startups addressing both pediatric and adult behavioral health
Source: Rock Health Digital Health Venture Funding Database; includes U.S. deals >$2M; data through December 31, 2023

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Today's Digital Youth Mental Health Landscape

Another important momentum change: funding is shifting to support early-stage digital health startups designing specifically for young people. In previous years, investors interested in youth mental health had limited options. Many participated in mid-to-late stage deals (Series B, C, D+) for general mental health startups like Headspace and Lyra Health, which expanded into youth offerings. Fast forward to 2023—Seed and Series A checks made up 79% of labeled venture rounds for startups addressing digital youth mental health. This suggests that new startups are launching with a focus on youth needs, and they're grabbing funders' attention.

Hand-in-hand with startup launches, more investors are choosing to focus on youth mental health. Venture capital (VC) firms are the top funders of digital health startups in the space, followed by corporate venture capital (CVC) teams.[17] Some venture firms like Hopelab are building entire investment funds centered on the opportunity.

While venture funding is a great tool for making big bets on scale and rapid growth, community-based work and philanthropy have major roles to play. Organizations like Pivotal, Penner Family Foundation, and The Upswing Fund support a mix of for- and non-profit activities and commit grant funding to digital youth mental health initiatives. These efforts bring forward new research to guide investors and innovators. They can also support equitable access to new technologies, while venture funding can bias toward "fast adopters" in better-resourced areas.

DISTRIBUTION OF DEALS AND MEDIAN DEAL SIZE IN YOUTH MENTAL HEALTH
Includes U.S.-based startups that raised $2M+ in venture funding between 2019-2023

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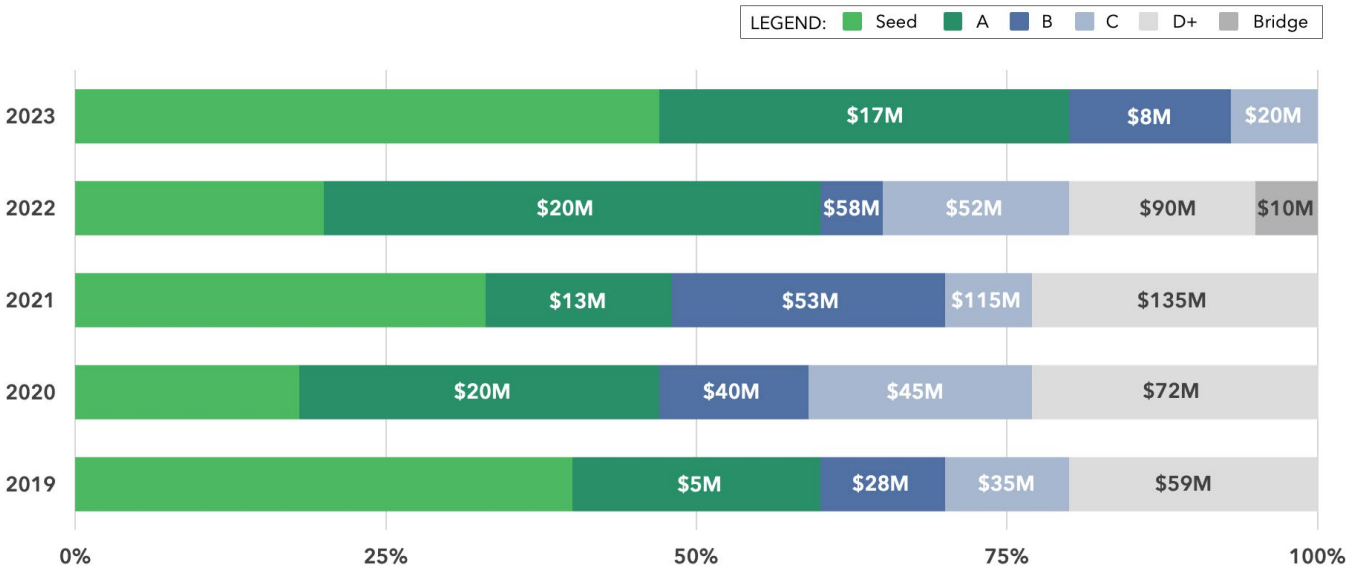

Note: Rock Health does not report median Seed funding because we only track deals greater than $2M; bridge deals include any round that is smaller than the company's prior round, unless the company or a publicly available resource reports a particular deal stage; D+ includes series D, E, F, G, H, and PE/Growth; Youth mental health encapsulates mental health disorders (e.g., anxiety, schizophrenia), emotional disorders (e.g., mood disorders), behavioral health disorders (e.g., ADHD, autism spectrum disorder), and related sub-clinical concerns (e.g., stress management)
Source: Rock Health Digital Health Venture Funding Database; includes U.S. deals >$2M; data through December 31, 2023

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Today's Digital Youth Mental Health Landscape

Mapping startup activity

What digital health startups are addressing youth mental health? How are they positioned in the market?

To understand the digital youth mental health landscape, we analyzed U.S.-based digital health startups addressing youth mental health that raised $2M+ in venture funding between 2021-2023. We'll use these analyses to show market trends and spotlight white space opportunities.

Types of conditions addressed

What mental health needs are startups addressing?

Among digital health startups addressing youth mental health, nearly one in four (24%) support and/or treat specific conditions like depression, ADHD, or autism spectrum disorder. These companies tend to focus on developing products or programs (e.g., wearables, prescription digital therapeutics) or scaling certain treatments (e.g., ABA therapy). Often, they grow by launching new features for their condition populations and/or by taking on risk.

A larger group of startups (63%) supports multiple mental health conditions or general mental health needs. These companies often start by helping young people articulate their needs and obtain a diagnosis if necessary, and then connect them with treatment or support pathways. Because mental health conditions often overlap—for example, 74% of young people with depression also have anxiety—it's not surprising that most startups fall into this category.[18]

DIGITAL HEALTH STARTUPS ADDRESSING YOUTH MENTAL HEALTH

Includes U.S.-based startups that raised $2M+ in venture funding between 2021-2023

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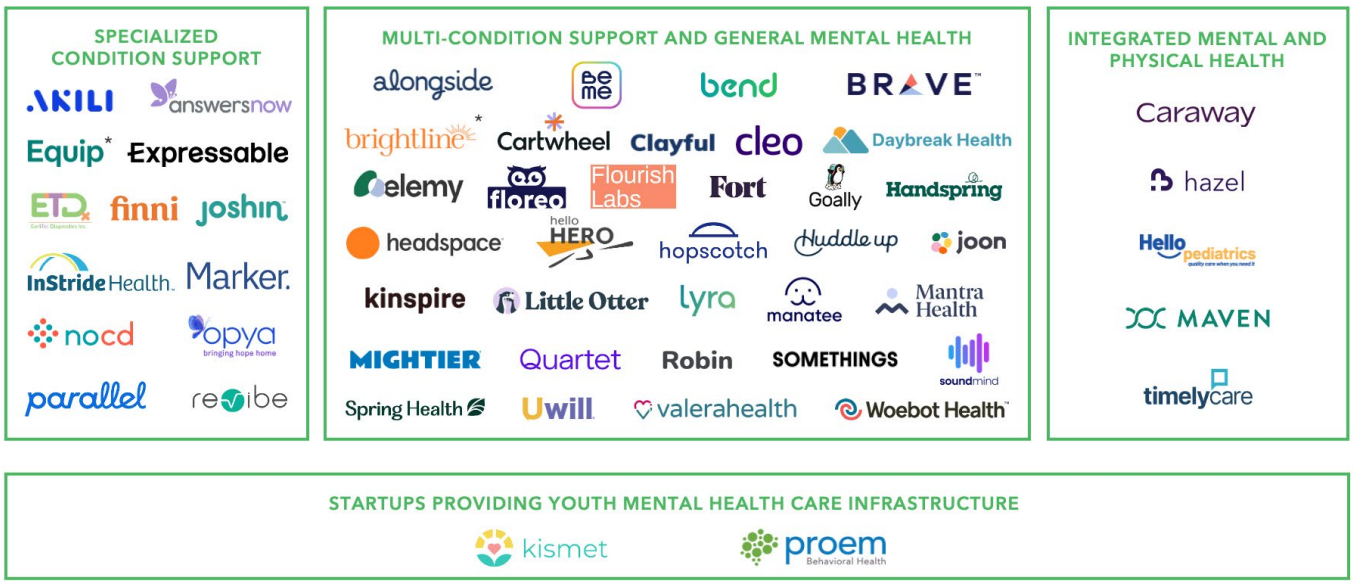

Note: This market map includes 54 U.S. digital health startups that address youth mental health and raised $2M+ in venture capital between 2021-2023; featured startups may offer services beyond those explicitly referenced; youth mental health encapsulates mental health disorders (e.g., anxiety, schizophrenia), emotional disorders (e.g., mood disorders), behavioral health disorders (e.g., ADHD, autism spectrum disorder), and related sub-clinical concerns (e.g., stress management); *Indicates a Rock Health portfolio company

Source: Rock Health Digital Health Venture Funding Database; data through December 31, 2023

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Today's Digital Youth Mental Health Landscape

An emerging cohort of startups (9%) integrates mental and physical healthcare. They empower pediatricians, primary care doctors, and behavioral health specialists to work together to identify mental, emotional, or behavioral health needs and deliver whole-person care.

A small group of startups (4%) is developing digital infrastructure for youth mental health data and care delivery—building health records and data management software, powering clinical platforms, and training large language models (LLMs). Because data sharing, privacy, and security risks are heightened for youth, there are big barriers to startup entry. Big Tech and Health IT incumbents have more flexibility (and arguably, responsibility) to play in this space.

Digital solution types

What types of digital tools and programs do these startups offer?

Among startups analyzed, each offers one or more digital tools or programs. We categorized these tools and programs into five major solution types.[19]

- **Virtual care and coaching** (offered by 72% of startups): Live or asynchronous sessions with mental health providers or support professionals
- **Self-directed support** (offered by 43% of startups): Apps, modules, and games that youth use to address mental health needs and skill-building
- **Care coordination** (offered by 17% of startups): Services to streamline steps in the care journey (e.g., referrals, scheduling, billing)
- **Clinical workflow** (offered by 11% of startups): Tools to help providers complete assessments and track progress
- **Monitoring and adherence** (offered by 6% of startups): Tools to support medication and treatment plan adherence, or monitor mental health between appointments

> "Integrating mental health with physical health is critical given they are so often inextricably linked. Whole-person care that addresses both facets enables a virtuous cycle in health improvement. For startups in this space, the challenge is less about proving the value of this approach, but about developing reimbursement models that reflect the value that is being created. Health plans often have separate physical and behavioral health divisions, meaning startups will need to solicit buy-in and negotiate payment structures across multiple parties."
>
> **—Alyssa Jaffee, Partner, 7wireVentures**

Today's Digital Youth Mental Health Landscape

Virtual care delivery and support tools dominate the solution landscape. The vast majority (89%) of startups analyzed offer either virtual care and coaching or self-directed support, and 26% do both. The opportunity for these solutions to expand access to mental healthcare is large. According to the American Psychological Association, 80% of U.S. counties have no child or adolescent psychologists.[20] However, if several players in the market offer competing solutions, it becomes harder to attract and retain customers.

89% of startups offer either virtual care and coaching or self-directed support, or do both

DISTRIBUTION OF DIGITAL SOLUTION TYPES IN YOUTH MENTAL HEALTH

Among U.S.-based youth mental health startups that raised $2M+ in venture funding between 2021-2023

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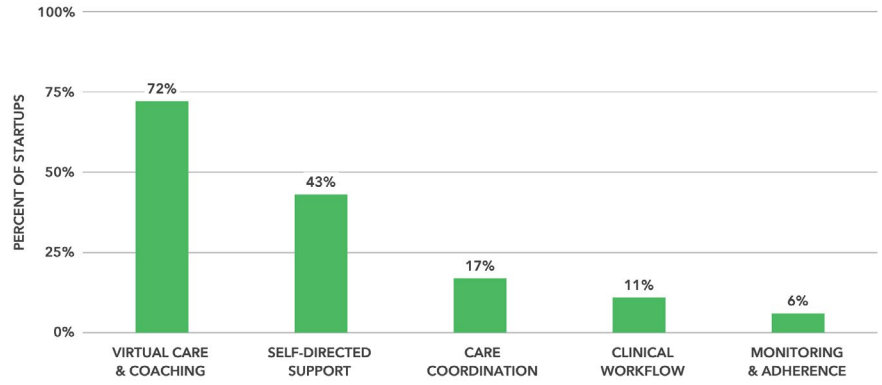

Note: This analysis includes 54 U.S. digital health startups that address youth mental health and raised $2M+ in venture capital between 2021-2023; youth mental health encapsulates mental health disorders (e.g., anxiety, schizophrenia), emotional disorders (e.g., mood disorders), behavioral health disorders (e.g., ADHD, autism spectrum disorder), and related sub-clinical concerns (e.g., stress management); startups may offer more than one solution type

Source: Rock Health Digital Health Venture Funding Database; data through December 31, 2023

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Target users

Who are the target users that digital startups are designing for?

Almost all digital youth mental health startups (94%) offer solutions designed to be used by young people directly. Forty-four percent also include caregiver-facing programs or features, which speaks to the critical involvement of loved ones, parents, and families in mental care plans.[21] Seventeen percent include features for education personnel, and 11% have dashboards, assessment tools, or other clinician-facing features.

Double clicking on virtual care

What approaches are startups taking to deliver virtual care? How do they staff providers?

Digital health startups that deliver virtual care and coaching take one of three approaches, each with different impacts to their staffing models:

- **Virtual coaching** (offered by 36% of virtual care and coaching startups): Mindset and behavior change support provided by certified behavioral health coaches
- **Teletherapy** (offered by 87% of virtual care and coaching startups): Diagnosis and treatment via evidence-based psychological methods and interventions, provided by licensed therapists, counselors, or clinical social workers
- **Telepsychiatry** (offered by 41% of virtual care and coaching startups): Psychiatric evaluation and treatment, often in conjunction with prescription medications, provided by psychiatrists, psychiatric nurse practitioners, or other licensed psychiatric providers

Today's Digital Youth Mental Health Landscape

APPROACHES DIGITAL HEALTH STARTUPS ARE TAKING TO DELIVER YOUTH MENTAL HEALTHCARE

Among U.S. digital health startups that offer virtual care and coaching and raised $2M+ in venture funding between 2021-2023

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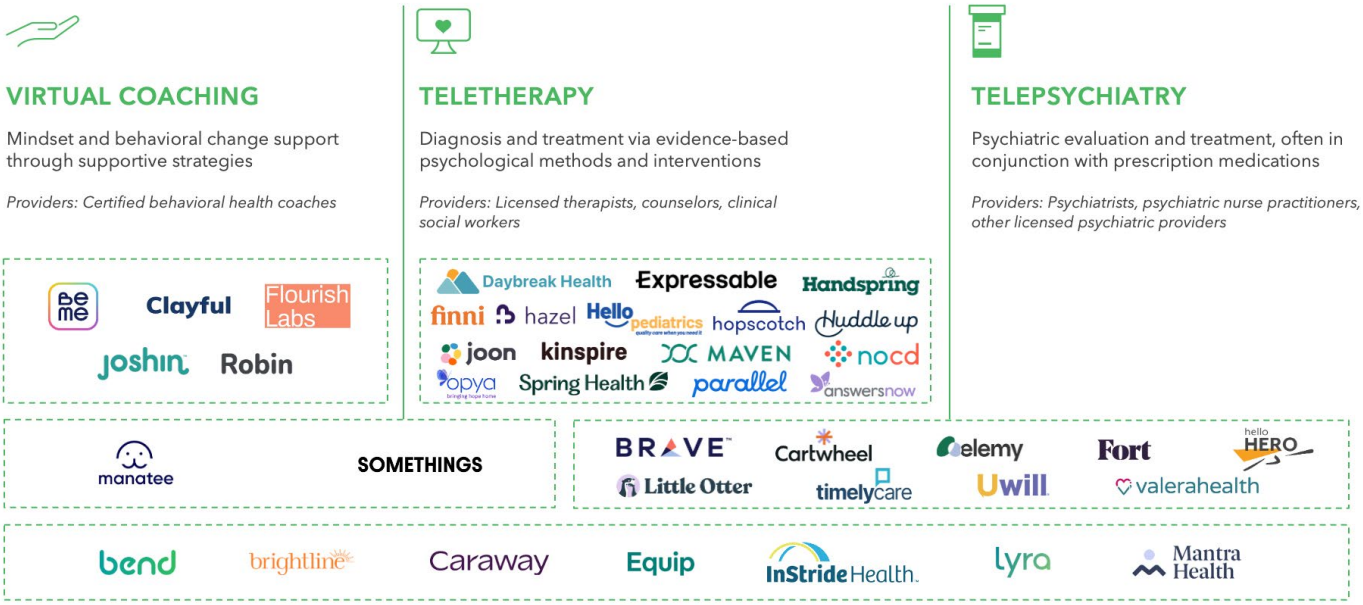

Note: This market map includes 39 U.S. digital health startups that address youth mental health via virtual care and coaching and raised $2M+ in venture capital between 2021-2023; youth mental health encapsulates mental health disorders (e.g., anxiety, schizophrenia), emotional disorders (e.g., mood disorders), behavioral health disorders (e.g., ADHD, autism spectrum disorder), and related sub-clinical concerns (e.g., stress management)

Source: Rock Health Digital Health Venture Funding Database; data through December 31, 2023

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Teletherapy's dominance reflects industry trends. With a national shortage of therapists trained to support young people, virtual solutions are stepping in to extend the reach of providers. All telepsychiatry players also offer teletherapy services; this aligns to treatment guidelines that recommend pharmacotherapy be combined with psychotherapy for nearly all youth mental health conditions.[22]

Coaching offers a balanced approach that enables personalization and one-to-one (or small group) engagement, while maintaining manageable provider costs. Coaching programs help young people build important skills related to stress management, emotional resilience, social interactions, and other needs. Because coaches are not medical staff, they can support low-acuity cases with reduced overhead and license fees. Eighteen percent of startups offer all three approaches and customize the care team to a young person's needs.

Acuity of care needs supported

Which levels of care need do startups support?

Young people's mental health needs vary in severity, which informs the type of care they need. Some digital health startups address multiple levels of acuity, while others focus on one part of the spectrum.[23] Sixty-nine percent of startups that offer youth mental virtual care and coaching support low-acuity or subclinical mental health needs (i.e., those that do not qualify as diagnosed conditions). Their programs tend to emphasize healthy social and emotional skill development, support general well-being, and address early signs of anxiety or depression before they become more serious disorders.

Seventy-two percent of virtual care and coaching players address diagnosed mental health conditions, with anxiety, depression, ADHD, and ASD being the most common conditions addressed. While many solutions have protocols in place if a young person's health needs escalate, just 11% of virtual care and coaching startups offer programs specifically for serious mental illness and health crises such as major depressive disorder, mood disorders, eating disorders, and self harm.

ACUITY OF YOUTH MENTAL HEALTH NEEDS ADDRESSED BY DIGITAL HEALTH STARTUPS

Among U.S. digital health startups that offer virtual care and coaching and raised $2M+ in venture funding between 2021-2023

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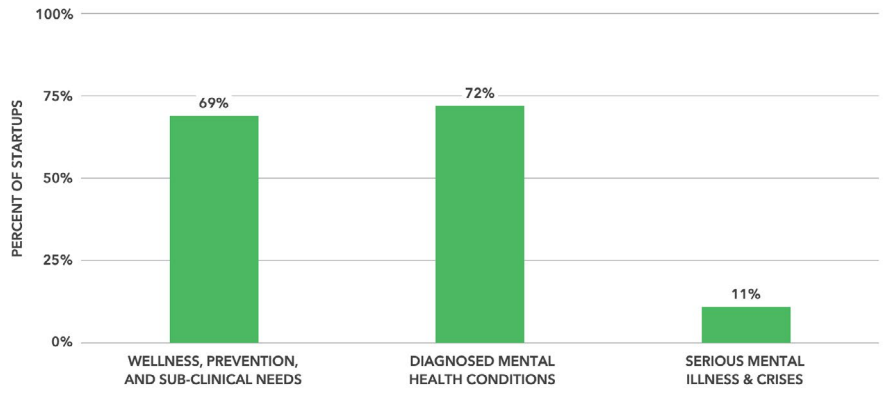

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Source: Rock Health Digital Health Venture Funding Database; data through December 31, 2023

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Going to Market

For digital health startups supporting youth mental health, go-to-market approaches are still emerging and being refined. This section defines pathways that digital health solutions can take to connect with youth, as well as the most common business models in practice.

Access pathways

What pathways are startups using to connect youth and their families with their offerings?

Young people access digital mental health solutions via one of three pathways.

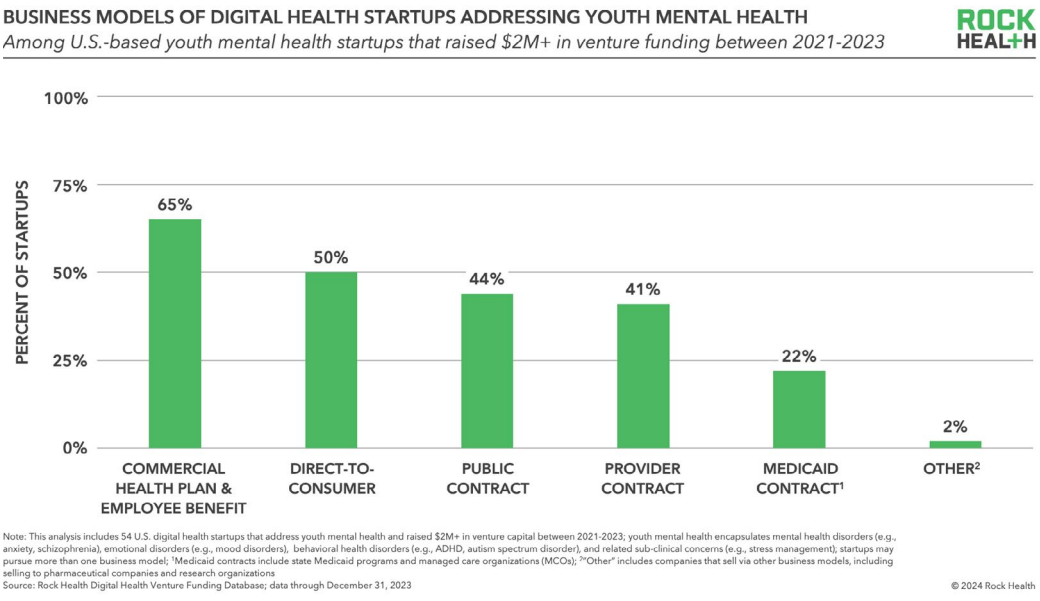
- **Healthcare settings:** Most young people discuss mental health needs and are introduced to digital solutions in healthcare settings, like a therapy session or primary care visit (virtual or in-person)
- **Home and community:** Young people and families may self-direct to digital mental health solutions or discover them through employers, community resources, or youth-friendly third spaces
- **School:** School districts and universities are playing a growing role in connecting students to mental health tools and programs

Startups selling digital mental health solutions can choose to focus on one access pathway or multiple, and will configure their business models respectively.

Business models

What are the most common business models in youth mental health? What are examples of startups currently pursuing specific models?

Youth mental health startups can combine multiple business models—the most common of which are explained below—to reach different customer segments and diversify their revenue streams.[24]



Going to Market

> “We have tremendous demand, and yet we do not yet have business models that have fully scaled up to provide the services youth and families need. We’ve got a huge gap and there is tremendous possibility to work on these challenges.”
>
> **—Kelsey Noonan, Director, Pivotal**

Commercial health plan and employee benefit: The majority (65%) of digital youth mental health solutions today sell to commercial health plans or employers, which offer the startup’s digital health solution as a benefit to their members or employees. Revenue is earned through per-member-per-month (PMPM) charges or a subscription fee. Young people access the solution through their parents or caregivers, which can be difficult if a young person wants to keep aspects of their mental health private. This model also requires families to have access to commercial health plans (through an employer or otherwise) to access support.

BeMe Health contracted with commercial insurers to offer mental health support to 20K teenagers across Kansas as a health plan benefit[25]

Direct-to-consumer: Half (50%) of youth mental startups sell directly to consumers, whether to young people ages 18+ or to caregivers purchasing on behalf of those they care for. Youth mental health startups often start by selling direct-to-consumer to build brand awareness, learn from consumer feedback, and generate evidence to prove clinical outcomes and cost savings—and then expand to other business models.

Brightline started by selling its virtual mental health services direct-to-consumer. It has since expanded to work with employers and health plans, as well as with state governments[26]

Public contract: Supporting mental wellness and resilience among young people is a government priority, especially within education departments and school districts.[27,28] Public leaders are launching initiatives, earmarking dollars, and working with startups to expand access to mental health services. Forty-four percent of digital health startups addressing youth mental health contract with public entities, mostly with school districts. Programs are sustained by government funding, sometimes in combination with insurance coverage (e.g., Medicaid). However, not all regions can fund these types of programs, especially in rural areas.

Clayful, a startup that connects students to chat-based support from mental health professionals when they need it, partners with more than 50 schools nationwide and offers its services in 130+ languages[29]

Going to Market

Provider contract: Forty-one percent of startups sell directly to provider organizations. Clinical staff use these solutions during appointments or therapy sessions, send them home with a patient, and/or use solution-collected data to support referrals and determine next steps in care. This business model is an effective way to reach those who are already receiving mental health support in-person, or who are engaging in other types of healthcare like primary care visits.

Hazel Health contracted with Children's Memorial Hermann to offer telehealth sessions to youth in the Greater Houston area either in-school or at-home. Students in grades K-12 could be referred follow-up care with health system pediatricians or specialists[30]

Medicaid contract: Twenty-two percent of startups partner with state Medicaid programs or insurers that manage Medicaid programs (known as Managed Care Organizations) to make solutions available to young people enrolled in the Children's Health Insurance Program or Medicaid programs. Working with Medicaid is critical, since nearly half of all young people in the U.S. are beneficiaries.[32] That doesn't mean it's easy; programs, budgets, and vendor requirements vary by state, and pricing pressures are high. Startups must pursue multiple state contracts simultaneously to reach scale.

HelloHero offers teletherapy and telepsychiatry services for young people, including those enrolled in Medicaid programs. The startup built out tools to provide population-level insights to Medicaid and commercial health plan partners[33]

> "Another challenge is market adoption. You might work tirelessly to create something, even involving youth voices, yet still struggle to gain the right market traction. So, how do you leverage what has been built by kids with their oversight and successfully translate it to a broader market?"
>
> **—Hafeezah Muhammad, CEO and Founder, Backpack Healthcare**[34]

In the 2021-22 school year, 17% of public schools offered telehealth services for physical and/or mental health[31]

Steps Forward

The goal of RockHealth.org's Youth Mental Health Initiative is to frame the opportunity that digital health has to support youth mental health and well-being, and to offer practical guidance for those developing and investing in these critical solutions. Establishing a clear understanding of the current landscape of youth mental health innovation is an essential first step. Now, it's time to drive momentum forward. Below are tools, tips, and guidance to help.

Making the case for change

How to communicate the opportunity for youth mental health innovation to colleagues, clients, and collaborators

When communicating the case for investing and innovating in youth mental health, use these summary points:

- **The need to support youth mental health is big and urgent:** More than 1 in 5 young Americans experience a mental or behavioral health disorder, and a growing number feel persistently sad or hopeless. These needs contribute to national healthcare spending and could have long-term impact on future generations.
- **Digital presents a unique opportunity:** The COVID-19 pandemic grew awareness for digital mental solutions. They are uniquely positioned to expand the reach of mental health providers and improve young people's access to mental health services.
- **Rubber is beginning to meet the road:** Over 50 venture-backed digital health companies are developing solutions—from virtual care and coaching platforms to self-directed digital tools—to meet the demand. These digital products are pushing the boundaries of care delivery in certain condition areas, and are testing a range of business models.
- **There's more work to do:** Digital mental health solutions haven't reached their full potential. Challenges like provider shortages and licensing limitations are requiring startups to get creative. Medicaid contracts are critical to reach underserved youth, but startups need more time and resources to pursue them. Investors and innovators that work with startups to address these challenges can unlock return and have national impact.

Evaluating for impact

Questions to keep in mind when considering digital health investments or partners

- **Does this solution center young people's values, behaviors, and preferences?** Youth express mental health needs, work through problems, and use digital tools differently than adults. Ask how a startup is incorporating youth perspectives in design instead of "miniaturizing" adult resources.
- **Is there a diversity of perspectives incorporated?** Ask potential partners how they address the unique emotional and mental health needs of different young people using their solution. How do they support youth who are LGBTQ+, experience racism, deal with food or housing insecurity, or live in non-traditional family settings? Some startups will have the bandwidth to tailor experiences to support different communities, while others will find their niches and support specific group(s).
- **Is there meaningful clinical impact?** A mental health approach isn't better simply because it's new or digital. Ensure that the partners you're working with have clinically meaningful outcomes compared to baseline treatments. Considerations like accessibility, cost, and convenience are important—but they need to support clinical outcomes instead of trumping them.
- **What's the philosophy toward family?** Mental health challenges impact not just a person, but their whole circle of family and loved ones. Care plans can have the most impact and longevity if they extend beyond the patient to engaging and supporting the people around them.[35]
- **Is data handled with care?** Digital mental health tools need to put data protection front and center. Especially with users younger than 18, there are dangerous ramifications of data being hacked or shared without consent. Even policies for sharing data with parents and caregivers should be designed with respect for youth agency and privacy.
- **What are barriers to scale?** Certain types of digital solutions and go-to-market strategies will face unique barriers to scaling (e.g., those offering telepsychiatry or those that contract with Medicaid plans). While these barriers aren't unique to youth mental health, it's important that partners have realistic navigation plans baked into their roadmaps.

> "Unfortunately, there are digital health companies that provide mental health services without utilizing measurement-based care, or do it only to 'check the box.' Evidence generation should be a cornerstone practice for digital mental health players. When integrated into overall product and go-to-market strategy, it also has the benefit of creating more impactful and successful businesses."
>
> **—Nathaan Demers, Clinical Psychologist and Principal Investor, Hopelab**

Steps Forward

> “When I think about what is preventing our young folks from getting the care that they need, part of it is a significant trust gap. They’re concerned that a mental health professional won’t understand or respect them, either because of their identity or simply because they are a young person.”
>
> **—Casey Pick, Director of Law and Policy, The Trevor Project**

Looking ahead

What comes next for digital youth mental health?

Digital youth mental health is an early market with a mission-critical job to tackle. Innovators will need to grapple with more questions as they push forward progress—some of which are:

- What will happen to youth mental health initiatives at the federal and state levels? What policy and regulatory changes could propel youth mental health initiatives, or stifle them?
- Which access pathways and business models will best support startups to scale in this market?
- How do innovators create digital spaces that maximize the benefits of virtual communities for young people while minimizing the potential harm?
- What does digital mental health support look like for children facing complex needs surrounding their gender, race, or other aspects of their identity? Those facing transitions like school changes, puberty, or starting college?
- How can we catalyze youth-friendly research and address the clinical data gap representing individuals under 18?
- What role should Big Tech and social media players platforms in supporting youth mental health? How should their influence be managed?

In closing, we would like to reiterate our gratitude for our funding partners—Pivotal, Penner Family Foundation, Hopelab, and the Arthur M. Blank Family Foundation—for collaborating with us to explore and advance equitable, sustainable solutions in the digital youth mental health space.

To get the latest information on RockHealth.org’s Youth Mental Health Initiative, please click here to learn more about this exciting effort. To explore potential collaboration opportunities, please reach out to the RockHealth.org team at hello@rockhealth.com.

Appendix: Methodology

From December 2023 to August 2024, Rock Health engaged an intentionally diverse group of experts to explore investment trends, existing business models, and unique aspects of the digital youth mental health market. These experts—including investors, philanthropists, founders, and enterprise leaders—shared insights grounded in their unique lived experiences, perspectives, and areas of expertise.

The Rock Health Digital Health Venture Funding and Consumer Adoption of Digital Health Survey databases were analyzed to understand the current state of youth use of digital mental health tools, as well as develop a perspective on the current startup landscape and go-to-market strategies for youth mental health solutions.

Since 2011, Rock Health has tracked all U.S.-based digital health startups that have raised at least one $2M+ round in publicly-disclosed venture funding. Rock Health's Digital Health Venture Funding Database categorizes these startups by their value propositions, therapeutic areas of focus, populations served, and other company features. To understand recent funding patterns, Rock Health analyzed 54 U.S.-based digital health startups addressing youth mental health that raised at least one $2M+ round in venture funding between 2021-2023.

For the purposes of this publication, we felt it was important to include behavioral, developmental, and substance use disorders, which have deep impacts on young people's mental and emotional experiences, within our definition of youth mental health. In other blog posts, Rock Health uses the term "behavioral health" to refer to some of these categories.

The Rock Health Consumer Adoption of Digital Health Survey data, which has been collected annually since 2015, was used to explore digital health behaviors and preferences among young adults ages 18-24 in the United States. This survey gathers information from a U.S. Census-matched sample of adult consumers to benchmark behaviors and attitudes toward digital health and virtual care. In the last four years (2020-2023), the survey reached approximately 8,000 U.S. adults each year, with 8,014 respondents participating in 2023. The 2023 survey was conducted between October 12 and November 30, 2023, with respondents completing the survey in English on their personal devices, including desktops, laptops, smartphones, or tablets.

Sources

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[3]Rock Health Digital Health Venture Funding Database, 2011-2023; in other publications Rock Health uses the term "behavioral health" to refer to some of these categories

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[5]JAMA, 2024

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[23]Because digital mental health startups address various levels of acuity, the total of percentages across acuity levels exceeds 100%

[24]Startups can use multiple business models at once, so the total of percentages across business models exceeds 100%

[25]Fierce Healthcare, 2023

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