ARCHĒ
PARTNERS

White Paper - March 2026

Doing More With Less

Delivering Innovation into Pediatric Behavioral Health

Dane Block, Jr. | Archē Partners
Co-Founder & Managing Partner

THE SITUATION

Providers Are Being Asked to Do More With Less.

Pediatric behavioral health providers face a structural paradox. Demand is at record levels — 1 in 31 U.S. children has an autism diagnosis, 1 in 6 has a developmental disability, and rates of pediatric anxiety, ADHD, and language and speech disorders have accelerated sharply since 2020. Every state Medicaid program now covers autism services, and multidisciplinary pediatric therapy — integrating behavioral therapy, speech, occupational therapy, and physical therapy — has become one of the fastest-growing segments in outpatient healthcare. Yet the economics of delivering that care are deteriorating. Payors are tightening authorization criteria, compressing rates, and demanding outcomes documentation that most providers cannot yet produce. Workforce shortages are structural and worsening.

Administrative burden consumes an estimated 25% of the $4 trillion in annual U.S. healthcare spend. Behavioral health clinicians lose approximately 90 minutes per day to documentation, billing, and compliance. Behavioral health claims are denied at rates of 16–22% — two to four times the average for other medical specialties. Physicians complete an average of 39 prior authorization requests per week, spending 13 hours on the process, with 89% reporting it contributes to burnout. The administrative burden is not a nuisance. It is a structural drag on clinical capacity.

The enforcement environment is tightening rapidly. In March 2026, Indiana barred a pediatric behavioral health provider from Medicaid billing after an audit found average per-patient costs of $340,000 — with some billing reaching $640 per hour — totaling $58 million across the provider network. Indiana has since mandated accreditation for all autism therapy Medicaid providers and required self-reporting of pre-reform billing practices. It is not an isolated case. It is a signal.

16–22%	90 min	13 hrs	<25%
BH claim denial rate vs. 5–10% avg.	lost daily per clinician to non-clinical tasks	per physician per week on prior authorizations	of BH facilities with exclusive EHR use

DATA READINESS GAP

Only 1% of enterprise data is currently incorporated into AI solutions — suggesting that large-scale operational integration of AI into healthcare remains in its earliest stages. Behavioral health was excluded from the 2009 HITECH Act that funded EHR adoption across the rest of healthcare. Fifteen years later, fewer than 25% of behavioral health facilities report exclusive EHR use. The data exists. It is stranded.

• AMA Prior Authorization Survey (2024) · Health IT Answers (2026) · BHB EHR Survey (2025) · Vista Equity Partners (2026)

THE PARADIGM SHIFT

Volume Built the Industry. Outcomes Will Define What Survives It.

Applied behavior analysis visits increased 267% from 2019 to 2024, with Medicaid-covered services growing 298%. The number of clinicians providing ABA more than doubled. But the volume surge was not confined to a single modality. Across pediatric behavioral health — speech therapy, occupational therapy, behavioral intervention, and mental health services — utilization growth has outpaced any reasonable estimate of unmet clinical need. A Trilliant Health analysis concluded that systemic factors beyond clinical need are likely contributing to the increase, including supply-induced demand, misaligned financial incentives, and the near-total absence of standardized outcome tracking across disciplines.

The consequence is now arriving across every discipline. Payors are no longer asking how to expand access. They are asking how to justify what they are spending. The fee-for-service paradigm reimburses based on billable hours regardless of whether treatment produces meaningful improvements in a child's functioning. Without systematic tracking of outcomes across behavioral therapy, speech, OT, and PT, states and commercial payors cannot distinguish superior providers from inferior ones — or appropriate utilization from optimized billing. The response has been blunt: rate cuts, hour caps, accreditation mandates, and audits.

Industry leaders are candid about what created this moment. Speaking specifically about ABA — though the dynamic applies across disciplines — Jeff Beck, CEO of AnswersNow, said at the Autism Innovation Exchange in February 2026: “As an industry, we’ve dug ourselves into this hole. The payers have no empathy for providers who have been billing 40 hours a week and $75,000 a year for the same kid for five years without any quality scores.” The reckoning is not ABA-specific. It is the entire pediatric behavioral health care delivery model being asked to prove its value.

The providers that will emerge from this transition are those that can demonstrate outcomes, operate efficiently at lower reimbursement rates, and deploy technology to close the gap. JoyBridge Kids, a multispecialty pediatric therapy provider focused on data discipline and operational rigor, received four reimbursement rate increases in the past year from various payors — while the broader market faced compression. The divergence between data-capable and data-absent providers is becoming the defining axis of value in this sector.

THE VOLUME PROBLEM

267%

increase in ABA visits from 2019 to 2024 (Medicaid: 298%). Trilliant Health concludes systemic factors beyond clinical need are driving the growth across pediatric behavioral health — and that without outcomes tracking across disciplines, payors cannot distinguish quality from billing optimization.

• Trilliant Health, ABA Utilization Analysis (2025) · Behavioral Health Business (2026) · WSJ, Indiana Medicaid Enforcement (2026)

THE OPPORTUNITY

The Third Wave of AI Value Creation Is Landing in Behavioral Health.

Vista Equity Partners' 2026 AI Outlook maps a consistent pattern across major technology transitions: semiconductors capture value first, infrastructure second, and application-layer software — tools embedding AI directly into domain-specific workflows with proprietary data — captures the third and largest wave. Bain & Company projects $5 to $7 trillion in cumulative value flowing to the software and application layer by 2030. In behavioral health, that third wave arrives into a sector where the infrastructure gap is wider than almost anywhere else in healthcare.

Archē Partners invests directly in the infrastructure delivering measurable efficiency and effectiveness to outpatient pediatric behavioral health providers, as well as the care delivery itself that creates an opportunity to deliver greater value than a single visit - "Care that Compounds". Our focus spans the full multidisciplinary care delivery model — behavioral therapy, speech-language pathology, occupational therapy, physical therapy, and the clinical and operational infrastructure that supports them.

Six High-Value Opportunities Across Pediatric Behavioral Health

AI-Powered Scribes & Clinical Documentation

Documentation burden falls across every discipline — behavioral therapy, speech, OT, and PT each carry their own session note requirements. Eleos Health demonstrated a 70% reduction in documentation time for behavioral providers. Ease Health's AI-native platform ($41M Series A, a16z, Feb 2026) delivers 30–40% more session capacity per provider across therapy disciplines.

Scheduling, EMRs & RCM for Multidisciplinary

Coordinating behavioral therapy, speech, OT, and PT across a single child's care plan requires scheduling, authorization, and billing infrastructure that most EHRs were not built to handle. BH claims are denied at 16–22% vs. a 5–10% specialty average. Unified platforms that handle cross-discipline RCM reduce denials and AR cycles simultaneously.

Outcomes Measurement Across Disciplines

Payors are conditioning reimbursement on demonstrated clinical progress across all therapy types — not hours delivered in any single modality. Providers that can generate longitudinal outcomes data across behavioral therapy, speech, and OT are securing preferred network status and rate increases. Those who cannot are facing authorization denials and compression.

Unified Data & Analytics for Multidisciplinary

The defining operational challenge for pediatric providers is coordination across disciplines — behavioral therapy, speech-language pathology, OT, and PT — on a single data layer. Multidisciplinary care delivery has grown at a 30% CAGR since 2020. The clinical and financial case for unified platforms is compounding as payors demand cross-discipline outcomes reporting.

Early Diagnosis & Screening Tools

Evaluation wait times for autism, developmental delay, and pediatric speech and language disorders routinely exceed 12–18 months. AI-powered behavioral screening, eye-tracking diagnostics, and biomarker-informed assessment accelerate the diagnostic pathway — addressing a clinical bottleneck and a market inefficiency simultaneously.

Telehealth & Hybrid Delivery Platforms

Hybrid delivery models that blend in-person and telehealth sessions across behavioral therapy, speech, and OT expand provider reach and reduce the access gap for underserved families. Parent coaching and mediated intervention platforms — which extend clinical impact between sessions — are emerging as the highest-efficiency delivery model in the sector.

The Next Wave in Pediatric Behavioral Health Care Delivery

The transition from volume to outcomes is not just a reimbursement story. It is an innovation story. The providers that survive and lead the next chapter of this market will be those that can demonstrate measurable clinical progress, operate at lower per-unit cost, and deploy innovation to make their clinicians more effective rather than simply more numerous.

The emerging care delivery model is characterized by lower authorized hours, parent-mediated and hybrid delivery, individualized goal-driven treatment rather than blanket hour targets, and systematic outcomes measurement across every discipline. AnswersNow, which raised $40 million in January 2026, leans into parent-mediated interventions with far fewer therapy hours than the traditional model. JoyBridge Kids has built a multispecialty platform integrating behavioral therapy, speech, and OT around a unified data and outcomes layer. Their shared bet: that outcomes-aligned, technology-supported care will become the standard payors move toward — and that the firms building the infrastructure for that model now will define the next era of the industry.

For technology companies, the implication is direct. The outcome measurement platforms, data analytics tools, and clinical documentation systems that make this new model operational are not optional enhancements. They are the infrastructure that separates providers who can survive payor scrutiny from those who cannot. This transition in how pediatric behavioral health care is delivered — and measured — is the structural demand driver behind Archē's efforts.

$7.97B	30% CAGR	$5–7T	1 in 31
U.S. pediatric BH market 2025 | 9.96B by 2030	multidisciplinary care growth since 2020	AI software value projected by 2030	U.S. children with autism — 2026

• Mordor Intelligence (2026) · CentralReach (2025) · Bain & Company via Vista Equity Partners (2026) · CDC MMWR (2025)

WHY NOW

The Consolidation Cycle Is Opening.

Q1 2026 alone produced five major digital behavioral health acquisitions: NOCD / Rebound Health, Spring Health / Alma, Grow Therapy / Tenor Therapy (followed immediately by a $150M Series D at a $3B valuation), UHS' $835M acquisition of Talkspace, and Cerebral / Inflow. Five deals in a single quarter is not a coincidence. It is a pattern — and it reflects something structural.

The acquirers in these transactions are not financial buyers chasing multiples. They are operators buying capability. Documentation tooling, workflow infrastructure, specialist clinical models, RCM platforms — the assets changing hands are the same categories this document has identified as the highest-value investment opportunities in the market. The strategic buyers have already done the analysis. They know what they need. The question is whether the right companies will be built and positioned to meet that demand when the next wave arrives.

According to Menlo Ventures', "State of AI in Healthcare (2025)", corporate AI investment reached $37 billion in 2025 — triple the prior year. Application-layer AI captured more than half of all AI dollars, growing at 5.3x year-over-year. The infrastructure build wave is current, however, our attention has turned towards tomorrow — the application wave — where durable returns are being built.

WHY ARCHĒ

We Know the Clinician and Patient. We Know the Buyer. We Have Done the Work.

Archē Partners is currently focused on a single conviction: the greatest near-term opportunity in a rapidly growing and highly fragmented behavioral health market is at the intersection of clinical workflow and i nnovation, purpose-built for the outpatient provider. We have spent a combined 15+ years working with founders and operators in multi-site healthcare services and medical technologies to execute transformational growth through inflection points. That experience did not make us experts in the subject of innovation, but it has made us intimate with what the absence of it costs: how data limitations constrain clinical decision-making, how manual documentation drains capacity, and how the inability to produce structured outcomes data complicates stakeholder relationships. After successfully completing 85+ healthcare transactions as investors across equity and credit, we know what institutional investors value — scaled leadership and middle management, clean financials, defensible revenue model and economics, and a tangible growth story. It is our goal to deliver a founder that partners with us an exit into a significantly larger outcome than they could have achieved on their own, while reducing risk and building lasting partnership in the process.

THE ADOPTION CURVE IS STEEPER THAN MOST REALIZE

EHRs took 15 years to reach broad adoption across U.S. provider health systems. AI-powered clinical scribes did it in two to three. As of early 2025, 92% of provider health systems were deploying, implementing, or piloting them — with early adopters reporting 10–15% revenue capture improvements in year one. The behavioral health segment is earlier on that curve.

— Bessemer Venture Partners, State of Health AI, 2026

Behavioral health's greatest challenges are not clinical — they are operational. The organizations that will define the next era are those that deliver breakthrough gains in operational efficiency and clinical throughput, while building care systems that adapt to the individual rather than forcing the individual to adapt to the system. This demands more than capital. It requires strategic partnership that has experienced the operational realities firsthand and possess both the insight, resolve and operating network to solve them at scale. The opportunity before us is exceptional: to transform behavioral health into a system defined by speed, measurable outcomes, and genuine personalization. The builders who seize it will deliver lasting impact and build enduring value.

ARCHĒ
PARTNERS

The Strategic Partner for the Builder

Selected Sources

• Trilliant Health, ABA Utilization Analysis, 2025
• Behavioral Health Business, ABA Volume Skyrocketed by 267%, December 2025
• Behavioral Health Business, We've Dug Ourselves Into This Hole, March 2026
• Wall Street Journal, Autism Therapy Firm Barred from Medicaid, March 2026
• Vista Equity Partners, Agentic AI and the Future of Enterprise Software, March 2026
• Bain & Company, AI Market Study, Q1 2024, via Vista Equity Partners
• Menlo Ventures, State of AI in Healthcare, October 2025
• Bessemer Venture Partners, State of Health AI, 2026
• AMA, Prior Authorization Physician Survey, 2024
• CDC MMWR, Community Report on Autism, 2025
• CentralReach, Autism and IDD Market Annual Analysis, November 2025