Politics

Wealth

Pursuits

Technology

Technology Startups

Markets

Economics

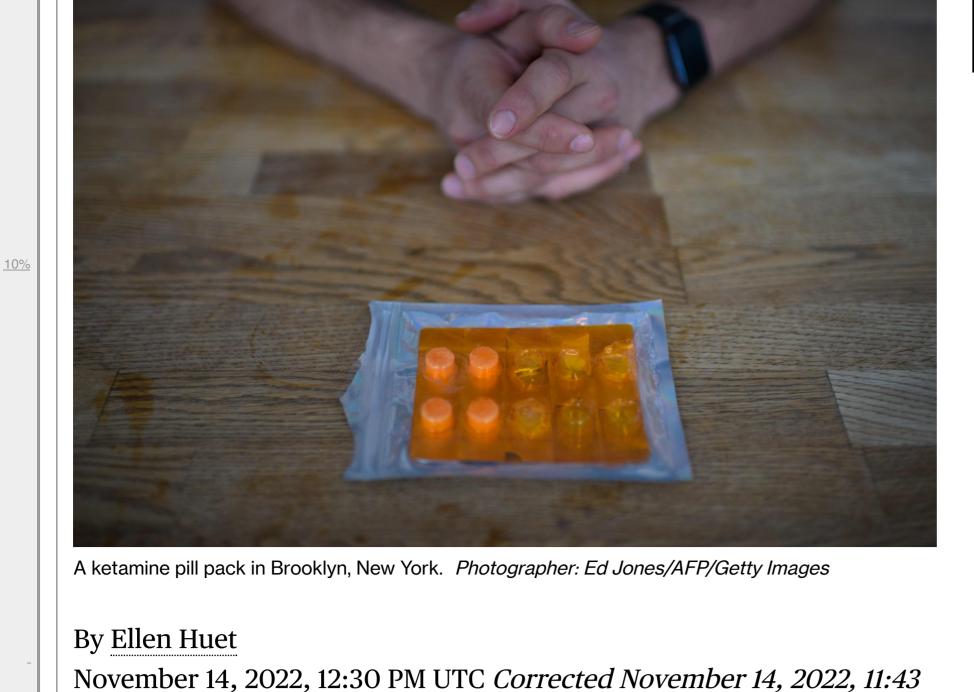
0%

Live Now

Online Ketamine Clinics Face Tougher Times After Covid-Era Boom Covid regulations made therapeutic ketamine available via telehealth, but concerns

Industries

about abuse could mean trouble for the startups selling it.



Listen to Live Radio >

Subscribe

More

Equality

Opinion

Businessweek

LIVE ON BLOOMBERG

Watch Live TV >

PM UTC

Listen to this article A controversial depression treatment that boomed during **▶** 6:26 the pandemic could become far less accessible by next

increased abuse of the drugs.

Share this article

Follow the authors @ellenhuet

+ Get alerts for

Ellen Huet

20%

30%

40%

50%

60%

70%

80%

internet upstarts that supply them looking for a contingency plan. Covid-era measures that allowed doctors to remotely prescribe ketamine, an often-abused drug increasingly popular for treatment-resistant depression, could unwind this spring. That could spell trouble for companies such

as Mindbloom and Nue Life that will be forced to rethink

their businesses amid concerns that at-home access has

"I tell these folks, 'There's going to be a reckoning

year – potentially leaving patients high and dry and the

coming, and when that reckoning comes, you probably will lose everything," said Anthony Coulson, a retired DEA regional head who now consults for startups about controlled substances. For the past three years, the More from public health emergency has **Bloomberg**

Diseases Adds to Strain on UK Health Service Roche Is Upbeat on Alzheimer's

Prognosis

Surge in Sexual

Latest Drug's Flop Moderna's Bivalent Shot Boosts Antibodies Against

Latest Omicron Strains in Trial

Research Despite

Illnesses Spur Race for Prevention

easily.

DC.

Soaring Infant Lung

controlled substances via telemedicine. That allowed patients with depression to access ketamine – a drug originally designed as an anesthetic that also has hallucinogenic effects - without leaving their homes. But whether the Biden administration will renew the emergency status yet again when it expires in the spring remains to be seen. Republican lawmakers including Washington congresswoman Cathy McMorris Rodgers have been actively pushing against it. If that happens,

temporarily suspended a 2008

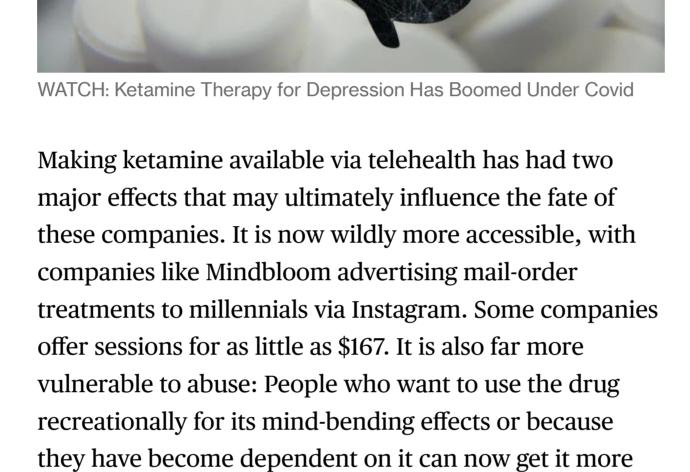
law called the Ryan Haight Act

that forbids the prescription of

mail-order businesses might be required to make drastic

changes to their business models, such as requiring

patients to attend at least some in-person visits.



then the potential for abuse goes up significantly." One ketamine startup, Mindbloom, opened its first inperson clinic in Manhattan with much fanfare in early March 2020, promising a "spa-like setting" with zerogravity chairs, weighted blankets and aromatherapy. Then, within weeks, the world shut down. Mindbloom had already tested at-home ketamine options, so it

pivoted fully to virtual treatment, and business boomed.

Mindbloom is now available in 35 states and Washington

While there are still plenty of in-person ketamine clinics,

"One of the big concerns about ketamine is about its

abuse liability," said John Krystal, a pioneering Yale

researcher who helped define the drug's therapeutic

potential. "If people are getting many doses at home,

the virtual business is what has caught the attention of venture capitalists. Shipping ketamine through the mail offers better profit margins and the possibility of quickly scaling. Instead of paying rent for an office, you can use software and virtual calls to guide patients through the experience. Mindbloom, which offers at-home options, charges roughly \$200 per treatment. Meanwhile Polaris, a well-known San Francisco clinic, can cost up to \$1250 for a three-hour session including talk therapy. Unlike in-person patients, a patient doing at-home

prescribed, or could give the drugs away to someone else.

And supervision over teleconference is less rigorous. At

Mindbloom, for example, patients must do a video call

treatment could take more in one sitting than is

ahead of their first session, but subsequent sessions are "self-led." The patients are told they must have a monitor in the house - like a friend or family member - during a session, but Mindbloom declined to specify how that request was enforced. Leonardo Vando, Mindbloom's medical director, said in a statement that the concerns about at-home ketamine therapy are "speculative" and have been "raised by people whose businesses compete with telehealth." He added that data indicates remote ketamine therapy can be effective and safe, and that "it's important to make

lower-cost, more-accessible treatment options like this

competitors, said she was taught in medical school that

doctors should never assume patients are taking drugs

available if we're going to turn the tide of the mental

Julia Mirer, a physician who's now a psychedelics

consultant, including to some of Mindbloom's

health crisis."

correctly. Ketamine, she's observed, is no different. "I've talked to people who said, 'My doctor sent me three sessions. It was really great, but after the second time, my wife and I took some to have fun," Mirer said. At its worst, ketamine can be treated like "a dependable escape," she added. "It becomes too easy to enjoy the ketaverse." Often, patients start with an online appointment with a prescribing clinician. If approved, the drugs are administered virtually by often-unlicensed ketamine guides, who videoconference with patients before, after,

or sometimes during their session. Mindbloom's guides,

for example, are hourly contract workers who are not

required to have a medical license, though many of them have coaching experience. Providers are also still refining the best doses and treatment schedules for the virtual environment. And virtual clinics also face many of the same complications and criticisms as other upstarts launched to prescribe specific drugs, like Hims and Roman. With this business model, typically the company makes money if a doctor is able to treat a patient with the specific drugs the company offers. Mindbloom, for example, offers ketamine therapy, not generalized treatment for depression. Coulson, the retired DEA agent, said that companies selling ketamine via telehealth may not be thinking of the health of their patients first. "The concerns are making money," he said.

All of these factors mean that when the public health emergency ends – and it will, eventually – things may get complicated for businesses built around prescribing ketamine at home. Mindbloom, for one, said it is prepared to re-introduce in-person exams if needed by using partnerships with other clinics, in-home exams, or

their own spaces. The company said it is also betting that telehealth waivers may remain even if the public health emergency ends. For now, the US government is extending the deadline three months at a time, with calls to end it only growing louder. Whenever regulations change, it'll likely mean patients will have to be seen in person at least once – and that an already-tangled web of state licenses will get even knottier. That uncertainty has left some investors wary. Dustin Robinson invests in psychedelic startups, but his firm hasn't invested in any that depend on telehealth, he said:

"I'm probably too familiar with the risks involved of what

Terminal (Updates license requirements in the 13th paragraph.) Learn more

©2022 Bloomberg L.P. All Rights Reserved

Have a confidential

tip for our

reporters? Get in touch

Before it's here, it's on the

Bloomberg

Terms of Service

100%

Careers Made in NYC Advertise Ad Choices Help

success.

blavity.com

could happen."

Trademarks Privacy Policy

- With assistance by Riley Griffin