Teladoc's Two-Segment Health Model

Idea In Short

Teladoc Health runs two businesses under one roof, and they are moving in opposite directions. Integrated Care, which sells virtual visits and chronic-condition support to employers, health plans and hospitals, has kept growing, with U.S. membership climbing past 100 million by mid-2025. BetterHelp, the direct-to-consumer therapy platform Teladoc bought in 2015, has lost paying subscribers for several consecutive quarters as acquisition costs have risen and competition has intensified. This article covers how Teladoc's per-member and per-visit fee structure works, why the 2020 Livongo merger reshaped the company's chronic-care strategy, and what is driving the split between its two segments as the company enters 2026 under new chief executive Chuck Divita.

Founded in 2002, long before telehealth was mainstream

Byron Brooks and Michael Gorton founded Teladoc in 2002, more than a decade before video-call telehealth became a familiar option for most patients. The company built its early business around phone-based consultations at a time when neither smartphones nor consumer broadband made video visits practical at scale. Teladoc went public on the New York Stock Exchange in 2015, giving it public-market capital years before the COVID-19 pandemic drove a surge of demand into virtual care. That early listing let Teladoc expand its provider network and employer relationships well ahead of competitors that entered the space once telehealth adoption accelerated after 2020.1

Per-member fees, not per-visit charges, drive revenue

Teladoc's dominant revenue model charges employers, health plans and other organizational customers an access fee for every member covered, whether or not that member ever uses the service in a given month. This per-member-per-month structure resembles how insurance premiums work more than how a typical consumer app charges for use, giving Teladoc predictable revenue tied to covered lives rather than actual visit volume. Additional visit fees apply on top of the access fee in some contracts, charged when a member actually completes a consultation. U.S. Integrated Care membership reached roughly 102 million members by mid-2025, up from about 92 million a year earlier, showing continued growth in the segment that carries this fee structure.2

> Teladoc's Integrated Care segment covered roughly 102 million U.S. members by mid-2025, even as its consumer-facing BetterHelp business continued losing subscribers.

The Livongo merger bet on chronic care

Teladoc completed an $18.5 billion merger with Livongo Health in October 2020, combining its virtual-visit platform with Livongo's remote monitoring tools for diabetes and other chronic conditions. Livongo's approach relied on connected devices and coaching to keep patients engaged with their health data between doctor visits, a model Teladoc's leadership argued would extend its value proposition beyond one-off consultations. The deal, one of the largest in digital health history at the time, closed as pandemic-driven telehealth demand was near its peak, and Teladoc has since worked to integrate Livongo's chronic-care tools into its broader Integrated Care offering rather than operate them as a separate product line.3

BetterHelp built a consumer therapy business, then lost momentum

Teladoc's 2015 acquisition of BetterHelp gave the company a direct-to-consumer mental health platform operating separately from its employer-focused Integrated Care segment, charging individual subscribers directly rather than billing through an employer or health plan. BetterHelp grew rapidly through the pandemic years, topping $1 billion in annual revenue in 2022, but has since lost paying users for several consecutive quarters, falling to roughly 388,000 paying users by the second quarter of 2025 from 407,000 a year earlier. Rising costs to acquire new subscribers and competition from other therapy apps have squeezed the segment's growth. Teladoc's response has centered on expanding BetterHelp's acceptance of insurance coverage, moving the business closer to the reimbursement-based model that sustains Integrated Care.4

New leadership focused on stabilizing the mix

Chuck Divita became Teladoc's chief executive in June 2024, arriving from a career in health insurance rather than telehealth technology, including a senior role at GuideWell overseeing a commercial business generating more than $23 billion in annual revenue. Divita's background positions him to navigate Teladoc's relationships with the health plans and employers that fund the Integrated Care segment, a constituency that requires different management than BetterHelp's consumer subscription base. His early tenure has included lowering revenue guidance amid BetterHelp's continued softness while defending the more stable Integrated Care business, a split that has kept Teladoc's overall growth muted even as one segment continues expanding.5

Corporate partnerships extend reach without direct sales

Teladoc supplements its employer and health-plan contracts with partnerships that embed its services inside other companies' offerings. A 2021 strategic partnership with Royal Philips aimed to combine Teladoc's virtual care platform with Philips' medical devices and monitoring technology, targeting reduced overall cost of care for shared customers. These partnerships let Teladoc reach patient populations it would not access through direct enterprise sales alone, trading a share of revenue for expanded distribution through an established partner's existing relationships.6

Key Partners

Teladoc's most important partners are the employers and health insurance plans that pay per-member access fees to offer Teladoc's services as a covered benefit. Hospital systems and healthcare organizations partner with Teladoc to extend virtual care options to their own patient populations without building the technology internally. Medical device and monitoring technology companies, including Philips through its 2021 partnership, integrate their hardware with Teladoc's platform to support chronic-condition management. A network of more than 3,600 licensed healthcare professionals, including doctors, nurses and therapists, delivers the actual consultations that Teladoc's platform facilitates.

Key Activities

Teladoc's core activity is operating the technology platform that connects patients with licensed healthcare professionals through phone, video and secure messaging. The company manages a large network of clinicians, handling credentialing, scheduling and quality oversight across its provider base. Sales and account management for employer and health-plan contracts represent an ongoing activity distinct from the consumer-facing marketing that supports BetterHelp. Chronic-condition monitoring, inherited from the Livongo merger, involves managing connected devices and coaching programs for members with diabetes and related conditions.

Key Resources

Teladoc's licensed provider network, spanning doctors, therapists, nurse practitioners and specialists, is the resource that makes consultations possible at scale. The company's technology platform, supporting video, phone and messaging-based visits, represents years of accumulated engineering investment. Data from chronic-condition monitoring devices, built on Livongo's original technology, supports personalized coaching and early intervention for members with ongoing health needs. Contracts with employers, health plans and hospital systems constitute a resource in themselves, since renewing and expanding these relationships drives the bulk of Integrated Care revenue.

Value Propositions

For individual patients, Teladoc offers access to licensed healthcare professionals without the wait times or travel required for an in-person visit, available around the clock for many service types. For employers, Teladoc promises reduced healthcare costs by diverting non-emergency visits away from expensive in-person or emergency room care while improving employee access to care. For health plans, the platform offers a way to extend coverage options and manage chronic-condition costs through ongoing monitoring rather than only episodic treatment. For BetterHelp's individual therapy subscribers, the value proposition centers on convenient, flexible access to licensed therapists without the scheduling constraints of traditional in-person practices.

Customer Relationships

Teladoc manages employer and health-plan relationships through dedicated account management teams that handle contract renewals and program design. Individual patients interact with Teladoc primarily through its app and website, supported by 24-hour phone access and online chat during extended hours. BetterHelp maintains a more consumer-oriented relationship model, matching subscribers with therapists and managing the ongoing subscription relationship directly. Social media and a comprehensive online help center supplement direct customer service channels across both segments.

Channels

Teladoc's Integrated Care segment reaches patients indirectly through employer benefits programs and health-plan coverage, meaning most Integrated Care members access the service because their employer or insurer already offers it. The Teladoc website and mobile app serve as the primary channel for scheduling and conducting virtual visits once a member is enrolled. BetterHelp reaches consumers directly through digital marketing and its own standalone app and website, a channel distinct from Teladoc's enterprise sales motion. Phone access, including a dedicated toll-free number, remains available for patients who prefer not to use digital channels.

Customer Segments

Individual consumers seeking convenient access to medical or mental health care outside a traditional clinic setting make up one core segment, served through both Integrated Care and BetterHelp. Employers offering Teladoc as an employee benefit represent a major commercial segment, motivated by cost reduction and improved access for their workforce. Health insurance plans incorporate Teladoc's services into member benefits, extending coverage without building their own telehealth infrastructure. Hospital systems and healthcare organizations use Teladoc's platform to extend their own care delivery capacity, particularly for populations in rural or underserved areas.

Cost Structure

Personnel costs, including compensation for the clinicians in Teladoc's provider network and its internal workforce, represent a major expense category. Technology and infrastructure investment supports the platform underlying both the Integrated Care and BetterHelp segments, including the systems inherited from the Livongo merger. Marketing spend, particularly for BetterHelp's direct-to-consumer subscriber acquisition, has grown as competition for therapy app customers has intensified. Regulatory compliance and insurance costs, including malpractice coverage for the clinical network, add ongoing expense tied to operating in a heavily regulated industry.

Revenue Streams

Access fees charged on a per-member-per-month basis to employers and health plans form Teladoc's largest revenue stream, tied to the Integrated Care segment. Visit fees, charged when a member completes a consultation, supplement access fees in many contracts. BetterHelp subscription fees, paid directly by individual consumers, form a separate revenue stream that has weakened even as Integrated Care has grown. Corporate partnership fees, including arrangements like the Philips collaboration, add a smaller revenue stream tied to specific strategic agreements rather than standard enterprise contracts.

- 1Teladoc company background and IPO
- 2Teladoc Health quarterly membership disclosures
- 3Teladoc and Livongo merger announcement
- 4BetterHelp subscriber decline and insurance expansion
- 5Teladoc names former insurance executive Chuck Divita as CEO
- 6Philips and Teladoc Health announce strategic partnership

Summary

Teladoc's business model was built on the idea that virtual care could sit alongside insurance and employer benefits rather than compete against them, which is why the Integrated Care segment still grows even as the standalone consumer therapy business struggles. The 2020 Livongo merger extended that logic into chronic-condition management, betting that ongoing monitoring data could keep members engaged between doctor visits. Under chief executive Chuck Divita, Teladoc's near-term challenge is stabilizing BetterHelp, including a push to get its services covered by insurance, while defending the employer and health-plan relationships that generate the bulk of its revenue.