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EMERGING TECH RESEARCH

Innovation Spotlight: AI in Mental Health

From algorithms to empathy, AI is taking a growing role in addressing mental health needs

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Innovation overview

Mental health care remains deeply fragmented—marked by provider shortages, long wait times, and expensive care options. Against this backdrop, emerging applications of AI are proving to be a meaningful lever to improve access to mental health care and enable patient engagement between care sessions.

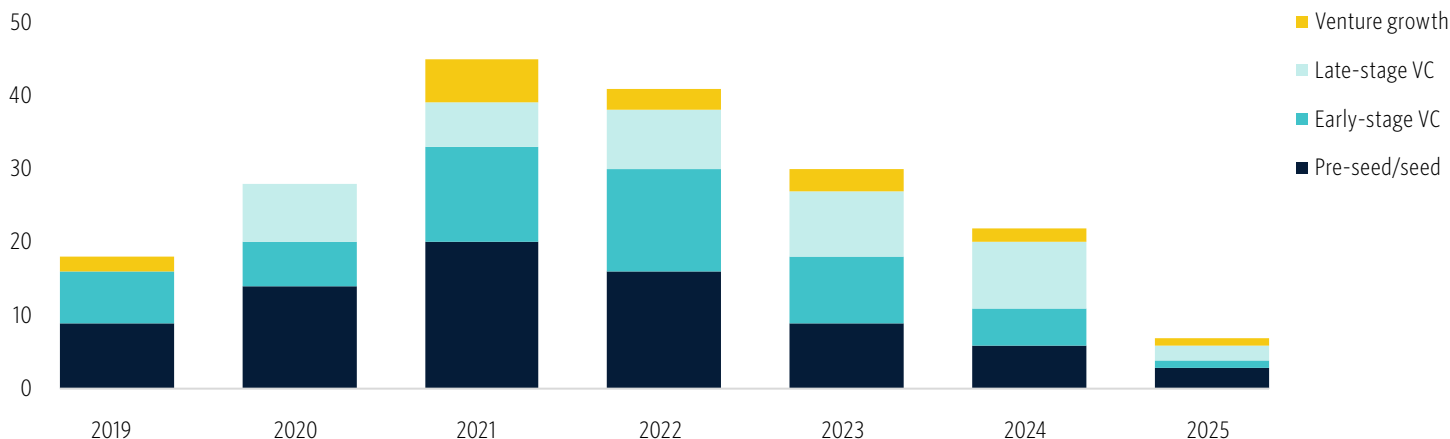
There is significant untapped demand for patient-facing AI mental health solutions: Results from a recent survey show that half of large language model (LLM) users with mental health needs use AI chatbots for mental health support.¹ This is a remarkable statistic, as these chatbots are not optimized to provide mental health support, and shows that clinical-grade solutions need to evolve fast to catch up with rapidly expanding consumer adoption of major consumer-facing LLMs such as ChatGPT. There are core opportunities to provide care for those who are not currently engaged with professional care and those who need support between sessions. It will also be important to promote AI mental health models safely given the risks involved in delivering subpar care.

AI has the potential to influence the broader mental health care ecosystem on several fronts: matching patients with providers more effectively, unlocking novel approaches to diagnostics, and reducing digital overhead for clinicians through clinical documentation support. The AI mental health care startup landscape includes a diverse set of solutions, which can be divided into several distinct categories:

- **Personalization:** Platforms like Lyra Health and Spring Health use data to optimize care matching and outcomes.
- **Provider support:** Eleos Health, Limbic, and Ellipsis Health reduce documentation overhead, enabling clinicians to focus more on patient care.

¹: "Using ChatGPT for Therapy? The AI Chatbot Can Get Anxiety, Too," PYMNTS, April 24, 2025.

Mental health AI VC deal count by stage



Source: PitchBook • Geography: Global • As of March 31, 2025

- **Diagnostics:** Tools from acceXible and Kintsugi detect mental health changes from vocal and cognitive biomarkers.
- **Access:** Consumer chatbots such as Wysa, Youper, and Sonar Mental Health enable 24/7, stigma-free support through AI companions.

AI-driven mental health startups operate within the broader digital health ecosystem, and beyond AI-first platforms, other digital health companies have made meaningful strides in expanding access to mental health care. For example, digital health startups like Headway and Grow Therapy connect patients with licensed therapists, while condition-specific platforms, such as NOCD, focus on delivering targeted care for patients with specialized needs like OCD. These companies and others are included in the teletherapy & behavioral health category of our [analyst-curated healthtech vertical](#) and tracked in our quarterly [healthtech research](#).

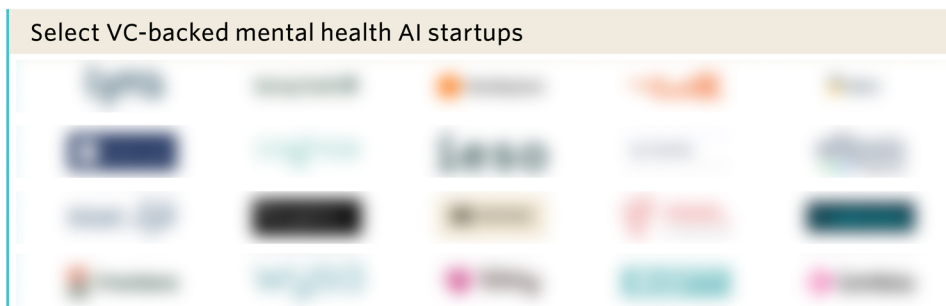
AI-supported mental health care, particularly on the patient-facing side, may encounter resistance from professionals who argue that such tools fall short of the personalized care a licensed provider can offer. This critique is valid, as patients would benefit most from direct, tailored support from clinicians. Still, the reality is that professional mental health services remain out of reach for many due to a lack of access and high out-of-pocket costs. In this context, clinical-grade AI tools offer a preferable alternative to general-purpose chatbots that may lack scientific validation or oversight. A landmark study from Dartmouth recently found that the use of mental health AI chatbots meaningfully reduced symptoms of depression, anxiety, and eating disorders.²

In our view, platforms that combine clinician-led services, such as patient engagement, with chatbot-style mental health support between sessions, are likely to see the fastest adoption among providers. At the same time, access challenges will continue to be addressed by an earlier generation of mental health tech startups focused on connecting patients to therapists and expanding insurance-covered care.

2: "First Therapy Chatbot Trial Yields Mental Health Benefits," Dartmouth, Morgan Kelly, March 27, 2025.

Market analysis

Mental health AI VC ecosystem market map



[Click here to view the interactive market map on the PitchBook Platform.](#)

Market size

The global behavioral health market is estimated to exceed \$400 billion,³ and the market opportunity in digital mental health is growing at an annual rate near 20%, exceeding the growth rate of the mental health space broadly. AI-driven solutions are likely to fuel a large share of this growth, especially as governments and employers seek scalable interventions amid worsening global mental health trends. Startups targeting enterprise clients (Spring Health and Lyra Health) are tapping into an addressable employer mental health and wellness benefits market worth over \$60 billion,⁴ while clinician tools (Eleos, Limbic, and Jimini Health) align with the growing demand for productivity-enhancing software in a chronically understaffed field.

Market overview

Evolving market dynamics have placed pressure on traditional models of mental health care. In the early 2020s, employers and payers were enthusiastic about offering new digital mental health solutions through benefit plans. Access surged, thanks to strong consumer purchasing power and a temporary safe harbor exemption that allowed high-deductible health plans (HDHP) to cover mental health visits without factoring in the logistics of co-payments. However, since then, inflation and higher interest rates have eroded consumer purchasing power, making out-of-pocket therapy less affordable. Additionally, the safe harbor exemption expired at the end of 2024 without renewal by Congress, reducing access for mental health patients with HDHPs.

These developments suggest that demand will continue to rise for AI-supported solutions that improve access, enhance provider efficiency, and enable indirect forms of mental health support. In addition to significant opportunities on the enterprise side, both in clinical-facing and employer-facing tools, we are bullish on the potential for AI-supported—rather than AI-exclusive—mental health chatbots.

3: "Global Mental Health Market To Hit Valuation of US\$ 625.07 Billion by 2033," *GlobeNewswire*, AstuteAnalytics India Pvt, February 4, 2025.

4: "Addressing One of the Biggest Barriers to Better Mental Health at Work," *Forbes*, Holly Welch Stubbing, April 2, 2024.

One success story in this space is Sonar Mental Health, which has gained traction nationally among school districts because they are often able to budget for the program using existing mental health grants.⁵

While there are significant market opportunities within the digital mental health subsector, this space is not without its challenges: AI chatbot Woebot recently announced a shutdown of its app, while Mindstrong ceased operations in 2023 because of financial difficulties, selling its tech assets to SonderMind. And other platforms, such as Cerebral, have faced scrutiny over prescription practices.

Emerging providers

Spring Health

Spring Health delivers personalized mental health care by using AI to match individuals with the right treatment—therapy, coaching, or medication. Founded in 2016 by April Koh and Adam Chekroud, the company supports more than 10 million lives globally through enterprise clients like Microsoft, General Mills, and JPMorganChase. Spring Health was last valued at \$3.3 billion following its \$100 million Series E in July 2024. The company anticipates using proceeds from this latest round to push into specialty care services and expand its platform offering to serve members with higher acuity mental health needs, such as substance use disorder.⁶ As compared with other platforms that serve to connect patients with mental health care providers, Spring Health is unique in that the company has shown return on investment (ROI) by delivering cost savings to employer partners,⁷ and the company also offers a net ROI guarantee.⁸ While an IPO is likely not forthcoming in the short term, the company is gearing up for a possible public listing as it solidifies its position as a key partner to employers for mental health care.

Kintsugi

Kintsugi, a mental health startup based in Berkeley, California, uses AI-driven voice biomarkers to detect signs of depression and anxiety from short speech samples—a novel approach aimed at closing gaps in mental health diagnostics. Founded in 2019 by Grace Chang and Rima Seilova-Olson, the company has raised over \$30 million to date, including a \$25 million Series A round in February 2022 led by Insight Partners. The company's flagship product, Kintsugi Voice, integrates into telehealth platforms, call centers, and clinical workflows. Notable partners include mental health platforms Wellin5 and Pega, and the startup's solution is also available through the Microsoft Azure Marketplace. While Kintsugi's strategy focuses primarily on enterprise channels, the startup also offers a paid consumer app (priced at \$24.99) that integrates personal mental health tracking and analysis with journaling and self-care tools. Kintsugi has not shared a formal exit strategy, though its distinctive tech and growing clinical traction position it well for potential M&A or IPO pathways in the future.

5: "When There's No School Counselor, There's a Bot," *The Wall Street Journal*, Julie Jargon, February 22, 2025.

6: "Mental Health Benefits Company Spring Health Hits \$3.3B Valuation, Boosted by \$100M Series E Round," *Fierce Healthcare*, Heather Landi, July 31, 2024.

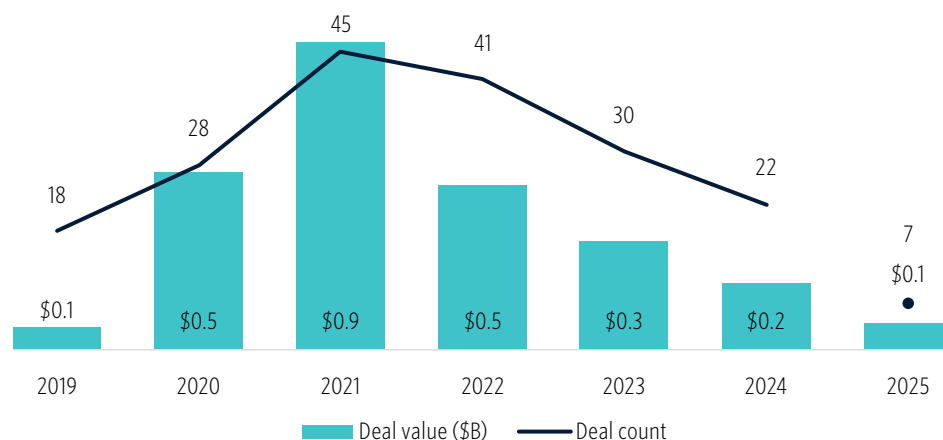
7: "Spring Health Delivers Long-Term Cost Savings for Mental Health Benefits," *PR Newswire*, Spring Health, March 13, 2025.

8: "Spring Health Delivers First Net ROI Performance Guarantee in Mental Health," *Spring Health*, August 7, 2024.

Jimini Health

Launched in November 2024 with \$8 million in pre-seed funding, Jimini Health sits at the forefront of “B2B2C” innovation in AI-powered mental health tools. The startup’s AI mental health assistant Sage receives instructions and context from a connected clinician and is accessible to patients 24/7—serving as a supportive resource between clinician-led sessions. The founding team, Luis Voloch (ex-Immunai), Mark Jacobstein (ex-Guardant Health), and Sahil Sud (ex-Ribbon Health), brings a strong blend of AI, biotech, and healthtech experience. Jimini is putting clinical rigor at the center of its rollout strategy, anchoring its tools in evidence-based frameworks. While still early in its life cycle, Jimini’s hybrid model, which is human led and AI augmented, reflects where we believe the market is headed for patient-facing AI mental health solutions. Even setting aside safety concerns, it is unlikely that existing mental health care pathways will begin to integrate with general-purpose LLMs on the market today, providing scope for safety-oriented chatbots tailored for behavioral health care. Jimini is drawing increasing interest from behavioral health systems as well as provider groups and stands out as a key startup to watch in the expanding cohort of recently funded AI mental health companies.

Mental health AI VC deal activity



Source: PitchBook • Geography: Global • As of March 31, 2025

Deal activity

Mental health AI startups have raised \$2.6 billion in funding since 2019. While this is a strong number on its own, our dataset for this report is a conservative estimate, as it mainly includes companies that leverage AI as part of its primary business model rather than using AI as an adjacent capability. In line with overall VC trends, funding for mental health AI companies peaked in 2021, and funding overall has declined since then. Each full year since has seen over 20 deals and \$200 million or more of VC funding. Deal activity has been driven by the largest transactions, and the top deals since the start of 2024 have been Spring Health’s \$100 million Series E, Eleos Health’s \$60 million Series C, and Slingshot AI’s \$30 million Series A. While quarterly funding has been volatile, given the impact from the largest deals, funding

over the past three quarters through Q1 2025 has been robust, with nearly \$200 million of total funding, indicating some recent momentum for the sector. Since 2019, Gaingels has been the top VC investor in mental health AI, and the following investors have all participated in five deals in the space: What If Ventures, lool ventures, Eight Roads, Felicis, Alumni Ventures, and Khosla Ventures.

As many startups in this space are relatively early in their life cycles—and the highest-funded ones appear to be waiting for a reopening of the IPO window—the sector has not seen a high number of exits to date. Two exceptions have been the acquisitions of Twill Health and wayForward, both by DarioHealth. Another notable transaction was the merger of Blackstone-backed Headspace and Ginger in 2021, which created a full-stack mental health platform that combined clinical-grade therapy (Ginger) with daily mental wellness practices like mindfulness and meditation (Headspace). Among startups in this subsector, Spring Health, Lyra Health, and Eleos Health rank highest in IPO exit potential, according to PitchBook's proprietary [exit predictor scoring](#), with implied IPO probabilities of 89%, 70%, and 37%, respectively. Wysa, Holmusk, and Cognoa have the highest M&A probabilities, at 90%, 82%, and 81%, respectively.

Appendix

Top VC investors in mental health AI since 2019

Investor	Deal count	Pre-seed/seed	Early-stage VC	Late-stage VC	Venture growth	Investor type
Sequoia	5	4	4	1	0	VC
Andreessen Horowitz	5	1	3	1	0	VC
First Round	5	2	2	1	0	VC
Light Speed	5	1	3	1	0	CVC
Index	5	4	1	0	0	VC
Alameda Partners	5	1	3	1	0	VC
Rocky Ventures	5	0	2	2	1	VC
Clear Capital	4	2	1	0	1	VC
GG Capital	4	1	2	1	0	VC
TPP Capital	4	0	3	1	0	VC
Alta Partners	4	0	4	0	0	VC
Rocky Ventures	4	1	2	1	0	VC

Source: PitchBook • Geography: Global • As of March 31, 2025

Top mental health AI VC deals since 2024

Company	Close date	Deal value (\$M)	Post-money valuation (\$M)	Deal type	Lead investor(s)
Spring Health	July 15, 2024	\$100.0	\$1,000.0	Series C	Generation Investment Management
Clear Health	January 22, 2025	\$60.0	N/A	Series C	Greenfield Partners
Stigmit AI	August 28, 2024	\$50.0	\$140.0	Series A	Andreessen Horowitz
Udy	May 1, 2024	\$15.4	\$28.4	Series A4	Health Capital Capital Management
Udy	March 1, 2024	\$10.0	\$10.0	Series A	Rocky Ventures
Udy	November 14, 2024	\$10.0	\$40.1	Series A	Headline
Proxima	February 14, 2025	\$10.0	\$100.0	Seed	LightSpeed Ventures Partners, Lux Capital
Clear Health	November 14, 2024	\$8.0	N/A	Seed	N/A
Udy Health	October 14, 2024	\$6.7	N/A	Seed	N/A
Proxima	August 1, 2024	\$4.0	N/A	Early-stage VC	TPP Capital

Source: PitchBook • Geography: Global • As of March 31, 2025

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