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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the One Medical's Second Quarter 2020 Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions) I would now like to hand the conference over to your speaker today, Rose Salzwedel, Director of Investor Relations. Please go ahead, ma'am.

Rose Salzwedel ***1Life Healthcare, Inc. - Director of IR***

Thank you, operator. Hello, and welcome to One Medical's Fiscal 2020 Second Quarter Earnings Call. With me on the call today are Amir Dan Rubin, Chair and CEO of One Medical; and Bjorn Thaler, Chief Financial Officer of One Medical.

A complete disclosure of our results can be found in our press release issued earlier today as well as in our related Form 8-K, all of which are available on our website at investor.onemedical.com. As a reminder, today's call is being recorded, and a replay will be available on our website.

As part of our comments today, we will make forward-looking statements. These statements are based on management's current views, expectations and assumptions and are subject to various risks and uncertainties. Actual results may differ materially, and we disclaim any obligation to update any forward-looking statements or outlook. Please refer to the risk factors in our most recent annual report as updated from time to time by our other reports and filings with the SEC, including our quarterly reports.

We believe that the COVID-19 pandemic creates particular complexity when it comes to providing a forward-looking view of business, and we are providing our guidance on a good faith basis per recent SEC recommendations. We would like to specifically caution investors that our future performance will be harder to predict for the foreseeable future given the pandemic. Our forward-looking statements are based on assumptions that we believe to be reasonable as of today's date, August 12, 2020. Of note, it is One Medical's policy to neither reiterate nor adjust the financial guidance provided on today's call unless it is also done through a public disclosure such as a press release or through the filing of a Form 8-K.

Today, we will discuss certain non-GAAP metrics that we believe aid in the understanding of our financial results. A historical reconciliation to comparable GAAP metrics can be found in today's earnings release.

Finally, during the call, we may offer incremental metrics to provide greater insights into the dynamics of our business. These details may be onetime in nature, and we may or may not provide updates in the future.

And with that, I shall turn the call over to Amir and Bjorn for their prepared remarks and to take your questions.

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Welcome, everyone, and thank you for joining today's call. We hope you and yours are doing as well as can be during these extraordinary times. Today, we are pleased to report second quarter 2020 results at or above the high end of our guidance across all our key metrics.

For membership, we ended the quarter with 475,000 members, growing 25% year-over-year and adding 20,000 members in Q2. Continuing our strong momentum from Q1, we have added more than 50,000 members in our first half this year. These figures represent the strongest Q2 and first half membership adds in our history.

We delivered net revenue of $78 million for this quarter, up 18% year-over-year. Additionally, we delivered a care margin of 31% or $24.6 million, while also opening additional new markets during this time of COVID.

Since Q1, we have also opened 2 new markets with health network partners in Atlanta, Georgia and Orange County, California; announced a new health network partnership in Washington, D.C.; and today, we announced plans to expand into 2 new markets with health network partners. Through our technology-powered and member-centered model, we are uniquely delivering a digitally and clinically interconnected system of health care for our members and employer clients. We are combining on-demand synchronous and asynchronous virtual care and also outbound digital population health with in-person care and screening, testing vaccination and treatment services, with longitudinal chronic care and virtual behavioral health integrated into primary care and with digitally and clinically coordinated specialty care through connectivity with our health network partners. Our interconnected system of health care looks to deliver longitudinal care across multiple digital and in-person modalities to delight members with better health and better care while reducing costs. In the process, we are transforming health care for multiple key stakeholders, consumers, employers, providers and health networks.

Let me now share some impacts we've seen this quarter for each of these stakeholders. For consumers and enterprise members, our membership model continues to be differentiated by combining on-demand digital health via both inbound synchronous and asynchronous interactions, outbound digital population health and chronic disease management, along with scheduled remote visits and convenient in-person care and testing. During these times, we've been supporting our members with their COVID-19 needs through on-demand symptom assessment along with nationwide testing and follow-up care as needed. Just as we serve our members who have the flu with flu antivirals and vaccines, we expect to be well positioned to deliver appropriate potential outpatient COVID-19 treatments and vaccines if and when they become available. By serving as a longitudinal system of care for our members, we've continued to support their ongoing health needs through both remote and in-person care for chronic disease management, cancer screenings, behavioral health, reproductive health, sexual wellness, pediatrics, sports medicine and other needs. We've continued to extend into caring for the whole family through our pediatric services and into broader mental health needs through our Mindset behavioral health solution.

During Q2, our platform enabled strong growth of our recently launched billable scheduled Remote Visits and COVID-19 care across all of our markets, all while continuing to delight our growing membership base as evidenced by our continued 90-plus Net Promoter Scores.

We continue to see growing demand from employers as we've advanced our relationships and deepened our service offerings with new and existing enterprise clients during the quarter. On the client side, we launched new relationships across industries such as technology, legal, hospitality, financial services, real estate, retail, biotech, energy, manufacturing, nonprofits, education and others. On the product side, with our Healthy Together worksite reentry program, we are serving enterprise customers with COVID-19 screening and testing services, while our combination of technology and compassionate providers has allowed us to follow up with individual employees needing COVID care support. Moreover, given that not all that coughs is COVID, our 24/7 team has continued to assess and diagnose, test and treat an array of conditions.

In addition to our Healthy Together offering, we have also extended our 24/7 on-demand virtual service and launched it as a new offering in geographies where we don't yet have a physical footprint. This new offering, which we call One Medical Now, has seen strong interest from national employers who look to us to provide the One Medical service experience to more of their employees while reducing their total health care costs through our bundled digital health and salary provider model. This has allowed us to further broaden our footprint, expand our reach within existing employers and build relationships with new national employer clients.

In addition to being a highly valued employee benefit, we have also demonstrated significant cost savings to employers, as we previously shared with the study published in the Journal of American Medical Association, JAMA Network Open. This study found that our model saved 1 of our employers 45% in total health care costs. During these times, employers are finding our value-based savings to be an additional compelling advantage of our model. As a result of our differentiated model and innovative technology, we have continued to see tremendous engagement and interest from top provider talent, which has further facilitated our ability to grow and serve our members in Q2.

With our team-based approach, our providers collaborate to deliver longitudinal health care across time and settings, supporting 24/7 responsiveness to our members while balancing coordinated workflows. For example, our proprietary technology platform automates tasks and uses machine learning and natural language processing to streamline care routing to the most appropriate clinical or administrative team member, resulting in faster response times while freeing up providers to focus on caring for members. This has allowed us to engage in very high volumes of digital interactions with our members during this time of COVID while maintaining outstanding service levels.

During the quarter, we also continued to digitally engage with our members for their ongoing health and well-being needs. Our platform's proactive care capabilities help us identify potential member care gaps, such as deferred annual exams, cancer screenings and immunization and then launch automated follow-ups with members to address their needs. During the quarter, we also advanced interconnectivity between our primary care platform and our latest health network partners, creating additional digital and clinical integrations with more of the nation's top health systems.

Turning to health networks. In addition to addressing the needs of consumers, employers and providers, we have launched new partnerships with leading health networks to further extend our interconnected system of health care to new markets. These partnerships clinically and digitally integrate our modernized human-centered and technology-powered model with our partners' networks, offering coordinated care and efficiencies across primary and specialty care settings. With these partnerships, we look to further own the complexity of care on behalf of our members and their employers, facilitating arrangement of downstream specialty care, medical information sharing and benefits in care coordination across primary care, diagnostics, specialty and acute care setting.

To date, in 2020, we have expanded into 3 new markets alongside health network partners. This included opening in Portland, Oregon in March and Orange County, California in July, extending our existing relationship with Providence St. Joseph Health into these new markets. We also opened our doors in Atlanta, Georgia in June for the first time through our new partnership with Emory Healthcare. With the opening of these markets, we have grown our total markets by 50% over the last 18 months.

We have also launched partnerships in existing markets. Back in January, we launched our partnership with Mass General Brigham health system in Boston. Furthermore, we are pleased to share that the partnership we recently announced with MedStar Health in Washington, D.C. officially went live August 1. With this launch, 100% of our members across our 12 markets are now covered under health network partnerships, supporting seamless coordinated care across primary and specialty settings for our members.

As we noted last quarter, we plan to enter Austin, Texas as our 13th market in partnership with Ascension Texas. And today, we are pleased to announce our 14th and 15th market, Raleigh, Durham, North Carolina, which we will be entering in partnership with Duke University Health System as well as parts of Wisconsin, which we will enter with an existing health system partner.

As I summarize my comments, I'd like to share my thanks to our entire team for the impacts they've made during this time in support of all our key stakeholders, consumers, employers, providers and health networks. Through our digitally and clinically interconnected system of health care, we have expanded our membership base by 25% year-over-year and grown new and existing employer and consumer relationships. We have extended our service offerings with billable scheduled Remote Visits, Mindset behavioral health, COVID-19 screening and testing, and our One Medical Now national digital health employer solution.

We have addressed ongoing physical wellness and mental health needs and continued extending care to pediatrics and family members.

All the while, we have delivered value-based results and savings to employers. Members and our providers have benefited from our innovative technology to promote frictionless inbound and outbound synchronous and asynchronous access across digital and in-person modalities, with sustained 90-plus Net Promoter Scores and streamlined workflows. With our health network partners, we have advanced clinical and digital integration, opened and announced new markets and delivered seamless coordinated care across primary and specialty settings.

To those joining us today, we thank you for your continued engagement in our mission to transform health care. Now let me turn the call over to Bjorn, our CFO.

Bjorn B. Thaler ***1Life Healthcare, Inc. - CFO & Principal Accounting Officer***

Thank you, Amir, and hello to everyone on today's call. Let me echo Amir and thank our entire team for their continued support of our members, our communities and each other. Despite unprecedented times in the second quarter, we are very pleased to deliver results at or above the high end of our guidance.

We took swift action at the onset of COVID-19, stepping up to deliver essential digital and in-person health care to our members and to communities we serve. This included launching digital COVID-19 screening, standing up outdoor testing sites, collecting specimens and following up digitally and in person with test results and any additional care needs.

Our flexible technology has allowed us to extend the services we provide to our members and enterprise clients. Whether through Remote Visits, our Healthy Together worksite reentry program or One Medical Now virtual health offering, these additional services have grown our client reach, allowed us to sign up more enterprise and consumer members, drive better-than-expected operating and financial performance, and most importantly, enable better health outcomes for our members.

Let me now take a few minutes to discuss our Q2 results and provide our current outlook. As Amir mentioned, our value proposition to employers and consumers has now been stronger. We continued to see strong membership growth in Q2 and ended the quarter at the high end of our guidance with 475,000 members, up 25% year-over-year. As previously shared, please keep in mind that this membership count continues to exclude free community memberships, for example, for frontline workers; any paid short-term enterprise memberships that are less than 12 months; and any virtual-only One Medical Now users, which we have recently launched in geographies where we don't have a physical footprint.

Turning to revenue. In total, we delivered $78 million in net revenue in Q2, up 18% year-over-year. This revenue includes an incoming grant of $2.4 million related to the provider relief fund established under the CARES Act, which we have recorded as a distinct line item in our financial. At this point, we cannot predict how much, if any, additional funds we may receive in the future.

Our membership revenue for the quarter was $17.7 million, which grew 40% year-over-year, driven by continued growth in both consumer and enterprise memberships with particular strengths in our enterprise business. We delivered net patient service revenue of $23.9 million and partnership revenue of $34 million. Partnership revenue increased 81% year-over-year, primarily driven by our growing membership base as well as the addition of several new health network partners. As discussed on prior calls, we've seen an ongoing mix shift of revenue out of the net patient service line item and into the partnership revenue line item over the past year as these partnerships have gone live. Collectively, net patient service revenue and partnership revenue grew 8% year-over-year.

While only 31% of our net revenue in the quarter was derived on a fee-for-service basis, let me share some color on our latest billable volumes across all of our markets. In March, we began to see our in-office volumes decline as shelter-in-place initiatives were enacted across communities. In a response, we launched COVID-19 care and billable remote visits, both of which have been widely adopted across all of our markets. In aggregate, our total billable volume, including in-office visits, COVID-19 testing and remote visits declined from mid-March through April but began recovering thereafter. In fact, during the month of June, our aggregate number of billable services exceeded pre-COVID-19 levels.

This recovery was driven by better-than-expected volumes across all of our billable services. However, please keep in mind that the average reimbursement for these billable services remain below pre-COVID-19 levels. While remote visits are currently reimbursed at parity for an equivalent in-office visit, remote visits do not involve procedures and therefore, on average, have lower reimbursement than in-office visits. Further, COVID-related visits tend to be reimbursed lower than remote visits.

Moving down the P&L. We delivered Q2 care margin of $24.6 million or 31% of net revenue. Our Q2 care margin reflects our expansion into Atlanta and Orange County, the opening of additional offices our existing markets as well as investments we made to support outdoor COVID-19 care, which allows for greater throughput and rapid scaling of our offering.

Our operating expenses below cost of care and excluding stock-based compensation were $44.9 million or approximately $1 million below Q1 levels as we reduce our spend in anticipation of COVID-19 revenue headwinds and to fund the continued growth in our provider base. As a result of our Q2 revenue and expense performance, our Q2 adjusted EBITDA was a loss of $15.2 million.

Lastly, we ended Q2 with a strong balance sheet and liquidity position. During the quarter, we successfully completed a convertible debt offering with attractive terms. We issued $316.3 million in aggregate principal notes due in June 2025. The notes bear an interest rate of 3%, which will be paid semiannually in June and December and have an initial conversion price of $44.43. Our net proceeds from the offering were $306.9 million. In total, we ended Q2 with $664.4 million in total cash and short-term marketable securities on our balance sheet. We have ample capital to continue to fuel responsible growth and take advantage of the current dislocation in the market.

In summary, we believe that our organization continued to perform well in Q2 while managing through a dynamic and evolving environment. COVID-19 is further proving the value of our longitudinal care model to consumers and employers. It is also proving the value of our technology platform, which allowed us to quickly launch Remote Visits; our Healthy Together worksite reentry program; and One Medical Now, our 24/7 virtual-only offering. As Amir mentioned, these recently launched offerings have seen strong initial interest and together with our continued geographic expansion, should allow us to scale our operations while efficiently managing our capital and expenses, providing tailwinds for our business in the months and years to come.

Now let me take a few minutes to discuss our current outlook and provide guidance. We expect to finish Q3 with a total membership count in the range of 486,000 to 496,000 members, which continues to show our strong and growing value proposition to consumers and enterprise customers. We expect to deliver Q3 revenue in the range of $84 million to $89 million, Q3 care margin in the range of $26 million to $31 million and Q3 adjusted EBITDA in the range of a loss of $12 million to a loss of $7 million. We believe that our Q3 guidance demonstrates our strong value proposition and positive outlook during this dynamic time while also recognizing that COVID-19 continues to create uncertainties.

For the full year 2020, we continue to see strong interest in our model. Even with rising levels of unemployment, we remain confident in our value proposition to members, and we now expect to end the year with membership count in the range of 505,000 to 515,000 members, increasing the low end of our prior range.

From a P&L perspective, we are not providing 2020 guidance, given the continued uncertainties surrounding COVID. As mentioned, we are encouraged by the trends that we see in our business and that are reflected in our Q3 guidance. However, we also want to acknowledge that uncertainties remain with regional differences in COVID-19 incidences and regulations, changing policies for employers, schools and universities and a potential decline in flu prevalence this winter, offset by a potential increase in flu vaccinations, just to name a few.

Further, while we are not yet providing Q4 guidance, we do expect Q3 to be particularly strong as we expect to serve a fair amount of pent-up demand for our services that may not carry into Q4. These uncertainties will require us to continue to dynamically adapt our business and may potentially also impact our financial results.

In closing, our model is deriving strong membership and revenue growth. We have stronger relationships with more health network partners than in the past, and our flexible technology platform has allowed us to rapidly launch new service offerings such as our worksite reentry program, Healthy Together; and One Medical Now, our 24/7 on-demand virtual service in geographies where we don't yet have a physical footprint. We believe that all of this together allows us to enable better health outcomes for our members while reducing total health care costs, which, in turn, will provide long-term tailwinds and to our revenue and margins.

We thank you for your continued support in our mission, and we will now open up the call for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Richard Close with Canaccord Genuity.

Richard Collamer Close ***Canaccord Genuity Corp., Research Division - MD & Senior Analyst***

Sorry about that. On One Medical Now, it sounds like it's live. Is this national in scope as we speak? Or is it just basically on a client-by-client basis in various states?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. So this is Amir. Thanks for the question. This is live. And we rolled it out just this quarter, and we rolled it out to great initial interest from existing employer accounts who wanted to offer our One Medical Now service across greater geographies. And so this is live across a broad geography.

Richard Collamer Close ***Canaccord Genuity Corp., Research Division - MD & Senior Analyst***

Okay. And then do you hire the clinicians in the states that are offering this? Or are you able to leverage existing One Medical clinicians?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

We have a national model for our employed salaried provider model, and we continue that national model of employed salary providers.

Operator

Our next question comes from Sean Wieland with Piper Sandler.

Sean William Wieland ***Piper Sandler & Co., Research Division - MD & Senior Research Analyst***

So just a follow-up on Richard's question. What's kind of the level of traction that you're getting? I know it's not in the membership count for One Medical, but -- Now. Like what's -- how do we think about that folded into the model in terms of memberships and in terms of the financial contribution for that? And you mentioned that it's targeting markets where you don't yet have a physical presence. So just help me better understand. Is that the target of places where you intend to have a physical presence? Or is it more broad than that?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. Thanks, Sean. So we're seeing a great runway here, and with the launch of One Medical Now, we are capable of serving employees at our employers nationally. This really came about organically from our existing large employer accounts, asking us to turn One Medical on across all their markets, which we saw as a great testament to the value we've been providing those clients. And so this is just another facet of the comprehensive offering we can provide employers and that we absolutely can turn on for existing accounts or for new accounts across multiple markets, whether or not we ultimately have physical presence in those markets.

Sean William Wieland ***Piper Sandler & Co., Research Division - MD & Senior Research Analyst***

Is the price point the same?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

In general, we have bundled pricing with our enterprise accounts, and so we look at it together with the number of lives and the number of markets. But in general, it is at a reduced membership fee.

Operator

Our next question comes from Sandy Draper with Truist Securities.

Alexander Yearley Draper ***Truist Securities, Inc., Research Division - MD of Equity Research***

Maybe -- I'm not sure if this is for Amir or Bjorn. The comments about the net patient service revenue, obviously, because of COVID primarily dropping to around 30%, 31% as a percentage of total revenue, but that has been trending down. Kind of it's making hard to analyze. As you now have -- I think it's every region you're in, you have a health system partner. Should the -- outside of COVID, maybe accelerating this 1 year. The general trend, is that going to still be down? And help me recall, if you have a partner in every region, when are you still billing fee-for-service revenue that's not necessarily going to the partner if you have a partner in every market?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. This is Amir. Maybe I'll take that one. So as you noted -- Sandy, thanks for the question. We now have partnerships in all of our markets, and we are open and achieve equivalent economics across our partnership approaches however they're structured. But as you can see in our P&L, the mix of revenue is shifting towards the PMPM partnership revenue, which itself can be different over time and across different markets. But we -- as you can see, we certainly are announcing more partners actually have partners in all of our markets and all of our anticipated announced markets. And so that is a major driver of that shift.

Alexander Yearley Draper ***Truist Securities, Inc., Research Division - MD of Equity Research***

Okay. So I guess the general trend would be, over time, you would continue to expect to see more partnership revenue and maybe less patient service revenue. And I don't know if you could give me an example of when you would bill fee for service even if you have a partner in that market.

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Well, we -- while we don't share partnership contract specifics, as I mentioned, we can achieve similar margins across our relationships, whether they're structured on a patient services revenue or on a PMPM basis. So we are open to either approaches, but as you can see, there has been an increase in the partnership revenue approaches. And I don't know, Bjorn, if you want to add anything to that.

Bjorn B. Thaler ***1Life Healthcare, Inc. - CFO & Principal Accounting Officer***

Yes. And maybe just to provide a little more color, as you think about the fee-for-service revenue in the second quarter, which, to your point, was down about 31%, there has really been 2 things that drove this, right? One, we continue to drive, to your point, to the PMPM model in select markets. And as you point out, we now have about 100% of our members covered by those, by health network partners. But the other piece that, in fairness, you saw in our Q2 fee-for-service results, is that our fee-for-service market, we did obviously have some fluctuation in terms of total billable volumes between what's going on with COVID, between in-office visits, between COVID-related testing and remote visits.

Operator

Our next question comes from Ryan Daniels with William Blair.

Ryan Scott Daniels ***William Blair & Company L.L.C., Research Division - Partner & Healthcare Analyst***

Yes. Congrats on the strong results. In regards to the new One Medical Now offering, want to follow up on that again just to make sure I fully understand. Is that something you're only offering to potentially new and existing corporate customers that want to provide a benefit to remote workforces where you don't have centers? Or are you actively going to sell this to employers in kind of local or regional areas where you may not have a center or may not even intend to have a center in the future, just kind of a virtual health only type benefit?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. Thanks, Ryan, for the question. We really have the opportunity to do all of the above. Nothing constrains us from selling it to anyone. It really came about organically as we've started to serve larger and larger employer clients who wanted to turn us on across all their markets. They like the longitudinal value proposition we have. They like the salary model. They like the synchronous plus asynchronous model. They love the quick response. They love that we've added other digital health solutions onto that, including care for the whole family. So it really gives us a lot of runway to explore all of the above.

Ryan Scott Daniels ***William Blair & Company L.L.C., Research Division - Partner & Healthcare Analyst***

If I could ask a quick follow-up on that. Do you think, as that rolls out, becomes more advanced, it gives you the opportunity to land more clients that may have been hesitant otherwise because they had the workforce you couldn't serve such that it'll accelerate those conversions? And then also, does this at all change your potential capital deployment priorities as you can perhaps provide services in locations where you might not need the footprint?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. We do think it allows us to have greater reach within existing large employers, with new existing large employers that want some greater level of benefits parity, if you will, across their multiple markets. So yes, we do see One Medical Now giving us that ability.

I think in terms of capital efficiency, if you will, just as with our remote visit, we believe that certainly, as we continue to grow these digital health approaches, it may be the case in the future that we can serve our members with less incremental than physical locations than otherwise might have anticipated. But we do continue to do testing and screening and vaccination and there'll be COVID antivirals and vaccinations. We anticipate those as well. But overall, we do see this as growing the digital component of our model.

Just to refresh people's memories, as we noted in our various road shows even before COVID, we had 3x the digital engagements to in-person engagements in our model. And this is just further reinforcing that approach.

Operator

Our next question comes from Ricky Goldwasser with Morgan Stanley.

Rivka Regina Goldwasser ***Morgan Stanley, Research Division - MD***

So you talked to the prepared remarks about the particular strength in the enterprise business. Would love to get some more context on where do you see the strength, i.e., is it that you're seeing more new employer clients than you anticipated? Or is it that the member activation rates are picking up faster? Or is it lower attrition?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. Thank you, Ricky, for the question. I would say, in general, it's been about more growth and signing up new enterprise accounts. We've always had very strong retention and activation. This has really been about adding more enterprise accounts, adding more new logos.

Rivka Regina Goldwasser ***Morgan Stanley, Research Division - MD***

Okay. And then if I may, just a follow-up. When we think about your membership guidance for second half of the year, what are you assuming in terms of just unemployment?

Bjorn B. Thaler ***1Life Healthcare, Inc. - CFO & Principal Accounting Officer***

Yes. Happy to give you some more color there because, obviously, there's still a fair bit of uncertainty as we think about the second half. We're certainly encouraged by the trends we are seeing so far, and you can see in our membership guidance for the third quarter and the fact that we increased the low end of our guidance for the full year that we feel that we are very well positioned here and continue to see a lot of uptake and a lot of interest from our enterprise clients.

Maybe just to take you a step back, what is included in our membership count on the enterprise side, memberships that were purchased for 12 months or more, so at least a 1-year membership? So we wouldn't see probably too much of a headwind in terms of a potential unemployment until later this year, but that's definitely something that we're watching very closely.

Operator

Our next question comes from Lisa Gill with JPMorgan.

Lisa Christine Gill ***JPMorgan Chase & Co, Research Division - Senior Publishing Analyst***

I just want to go back, Bjorn, to the comment that you made around billable volume, and you talked about June. I'm just curious. Your comments around the Q3 pent-up demand were about, what, 6 weeks or so here into the next quarter. What are the trends you're seeing as far as in-office? Are you starting to see people come back to the office? Are you starting to see more procedural-type of volume because you did note that, previously, right, that, that was the issue where you get paid remotely, but without the procedures, it's not the same amount of revenue?

Bjorn B. Thaler ***1Life Healthcare, Inc. - CFO & Principal Accounting Officer***

Yes. Great question. And as you heard earlier, we certainly started to see the volume of total billable visit approach pre-COVID levels, and frankly, it's been pre-COVID levels in June. And we are in August, and we certainly continue to monitor sort of that, not just the absolute level but also the relative mix of those visits. Since then, frankly, our Q3 guidance is probably -- is reflective of what we've seen so far in the quarter and what we expect for the rest of the quarter.

Now I think if you look at those 3 different visit types, the reimbursement around those has not really changed in terms of dynamics, i.e., in-office visits are still, on average, higher reimbursed than remote billable visits. And COVID-related visits, in turn, are sort of below those remote billable visits on average.

And really what we meant with the point around pent-up demand is that, as I said, we've started to actually see total billable visits above pre-COVID levels. When you think about it this way, there's only so much time or so long that you can or want to postpone a wellness visit or certain other procedures at some point just needs to get done. And that's what we've started to see here sort of as June rolled around, and our guidance reflects that.

Lisa Christine Gill ***JPMorgan Chase & Co, Research Division - Senior Publishing Analyst***

Great. And then just one quick follow-up going back to Ricky's question around membership. You said, for the most part, it's 12-plus months. Is there anything within your contract where they have to give you notification? So if I'm a large employer and I'm laying people off, are they letting you know that ahead of time? Or is it more of kind of an eligibility feed, so you're not getting a lot of lead time around the potential of lost membership?

Bjorn B. Thaler ***1Life Healthcare, Inc. - CFO & Principal Accounting Officer***

Yes. It depends on a client-by-client basis. As you can imagine, all of those contracts are a little bit unique. Certainly, there are some contracts where we have better visibility than others. So it's a mix. But again, when we look at our pipeline, when we look at the renewal dates that are coming up for contracts, that sort of all flowed into our consideration of deliberation as we thought about Q3 total membership guidance and the full year.

Operator

Our next question comes from Ralph Giacobbe with Citi.

Ralph Giacobbe ***Citigroup Inc., Research Division - Director and Co-Head of Americas Healthcare Research***

Great. Want to go back to membership. Certainly good to see those numbers in this backdrop. You beat the high end of your guidance for 2Q by 5,000. You only raised the low end of the full year by that 5,000 despite the upside and some of the new announcements. So just hoping if there's anything we need to sort of consider as an offset. Or is it just conservatism at this point?

Bjorn B. Thaler ***1Life Healthcare, Inc. - CFO & Principal Accounting Officer***

Yes. And maybe just to level set, we came in right at the high end of our guidance for our membership for Q2. So I think going back a little bit to the conversation around potential unemployment, what's happening in the economy, frankly, also what's happening with COVID-19 and the fact that we might enter a time where, in different geographies, in different industries, people are going into sort of rolling lockdowns or coming out of rolling lockdowns, so there's certainly a fair bit of variability here still for the remainder of the year. But just taking a step back, having come in at the top end of our guidance and being able to raise the full year guidance on the low end by 5,000, we feel obviously is appropriate but also shows the momentum of the business.

Ralph Giacobbe ***Citigroup Inc., Research Division - Director and Co-Head of Americas Healthcare Research***

Yes. Okay. Fair enough. And then if I could, just one quick follow-up on the One Medical Now virtual-only offering. I'm still not exactly clear on sort of the economic flow-through. It sounds like it's a membership model, so you will get sort of the annual fee. But then on top of that, is it just you're getting reimbursed for every time somebody gets a virtual visit? And how is that reimbursement determined on sort of a regional or national level?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. Thanks, Ralph. It's a bundled payment based on employees and continues kind of our approach for our on-demand virtual care as we've done with -- in markets where we have physical presence. So we've basically extended that on-demand virtual care across all of our markets for those other employees of those existing employer accounts and for new accounts.

Ralph Giacobbe ***Citigroup Inc., Research Division - Director and Co-Head of Americas Healthcare Research***

Got it. So there's no additional revenue pull for any type of, obviously, on-site or virtual care, above and beyond that bundled price? Is that fair?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

If you mean there is incremental revenue for each of those employees, it comes in, in a bundled way.

Operator

Our next question comes from Stephen Tanal with SVB Leerink.

Stephen Vartan Tanal ***SVB Leerink LLC, Research Division - MD & Senior Research Analyst***

Maybe just a follow-up on that last one. I was curious there as well. So just to understand this, basically, it's the same service offering minus the physical office, I guess, and unlimited demand on-demand telehealth. Can those members do billable visits? I wasn't clear on that point just now. And then if you could give us a sense for what the membership fee is for One Medical Now members, that would be helpful, too.

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. Thanks, Stephen. Yes. Right now, we're offering it on a bundled basis for employers, so that's the way we're offering it now. As we said before, nothing prevents us from doing anything else with this approach, but that's how we launched it with our existing accounts.

Stephen Vartan Tanal ***SVB Leerink LLC, Research Division - MD & Senior Research Analyst***

Got it. Okay. That's helpful. And any comments just on the difference in the membership fee? I think it would be helpful to think about it relative to how you price with the office and the physical assets included?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. I mean, again, this kind of came about initially organically from existing clients that wanted us to extend our offering across all their accounts, all their employees. And so we bundled that into an overall price when we work those -- with those employers. But I would say, in general, you can think about it as a lower list price, if you will, than our membership fee price where we have physical offices.

Stephen Vartan Tanal ***SVB Leerink LLC, Research Division - MD & Senior Research Analyst***

Okay. Fair enough. Sounds like it's maybe variable. And maybe one more, just a follow-up on the billable remote visits. I was hoping you could share maybe a couple more metrics around that. I don't know how much you're willing to share, but I guess, ideally, I'd love to know how much revenue that contributed in 2Q. Or sort of less direct, like what percent of digital interactions are going billable now or how you expect that to develop going forward? Are you seeing good demand for that relative to the sort of bundled all-in on-demand service? Or how do you think that'll evolve?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. We've certainly seen great uptake with remote visits than we anticipate they will continue and continue to be an important part of our model. As we note, we don't break out those specifically. Of course, we also have partnerships and partnership revenue, where that revenue accrues to the partner. And then we also have patient service revenue where that accrues to us, but I would say, across either model, it's very well received and growing.

And if I might just add a point, the partnerships have been really quite powerful during this time. As we mentioned here today, we've launched in Portland and Orange County with an existing partner during COVID. We also opened our doors in Atlanta, Georgia. We, early this year, announced a partnership in an existing market with Mass General Brigham in Boston and then announced with MedStar Health in D.C., which just went live August 1, which brings us to 100% of all of our members being under health network partnerships. And as we mentioned before, increasingly, a lot of our revenue coming in under that per member per month basis.

And then also, as we mentioned on our remarks, in the last earnings call, we mentioned the launch of Austin, Texas with Ascension Texas. And today, we mentioned our 14th and 15th markets, Raleigh, Durham, North Carolina with Duke as well as parts of Wisconsin with an existing health system partner. So I think, really, just to add to your question, what this shows is really the strength of our model, the strength of our model with partners, the strength of that partnership revenue, which helped drive strong results.

Stephen Vartan Tanal ***SVB Leerink LLC, Research Division - MD & Senior Research Analyst***

It's really helpful. Amir, maybe if I could just sneak in one more and follow up on that. I guess I'd love to understand, like, how -- are you confident that the PMPM rates you're getting from the hospitals are commensurate with sort of the value you're providing to the health systems and sort of better than the fee-for-service model? Like how do you evaluate that? How should we evaluate that?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. We believe we have health network partnership relationships and underlying economics that allow us to deliver our long-term financial targets, and we feel very strongly about that. And as you can see by the number of markets we've opened, all with partners and the number of new partners even announced during the pandemic, our partners see great value in that. So it's really a great win-win for both parties.

Operator

Our next question comes from Matthew Gillmor with Baird.

Matthew Dale Gillmor ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

I was hoping you could update us on the pediatric service and any kind of early read in terms of how that's ramped. And are you seeing any positive impacts from a membership perspective in terms of either consumer adds or on the enterprise side, if there's a higher degree of activation rate when that's available?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. Thank you. We've certainly seen both. We've seen increased enrollment and activation on the enterprise side and on the consumer side. It's just one more reason on the enterprise side not just for the employee but their entire family to sign up. And as we've mentioned on our road shows, most of our employers are offering our One Medical membership benefit to employees plus dependents, and now we can just catch even more of them. And we're seeing the same thing on the consumer side. So it's a great way to add more members and increase the value proposition to employers.

I'll also note, too, this is just another example of how we're increasing the value prop to employers, whether it's with our Healthy Together, return-to-work offering; our Mindset behavioral health approach; of course, this pediatric approach; or whether it's our One Medical Now, all of this is making our offering just more robust and giving more reasons to sign up. And on top of this, we really have, as you know, a differentiated model that serves multiple key stakeholders. So it not only delights consumers with 90 Net Promoter Score and is a great benefit that's loved by employers. But as we mentioned, we had a paper published in JAMA at the end of April showing that we take out cost in that paper, 45% of the cost.

And then not only are we kind of delighting the demand-side employers and consumers, but we've redesigned the health care system. We've taken providers off of the fee-for-service system that's so rampant out there, where the more volume that's done, the more a provider has done, whether it's virtually or in person, we have a salaried model for our providers. And we built technology that allows to

-- the provider to improve productivity and reduce the burdens of desktop medicine and the other reasons we're seeing burnout in physicians.

And we've interconnected our system, right, let's not minimize that, between primary care, whether it's inbound or outbound population health with diagnostics, testing, specialty care, reducing duplicative testing, integrating systems, owning the burden of that complexity of navigating that system on behalf of employees and employers. So this is really an interconnected system that we have put together that's digitally and clinically integrated.

Operator

Our last question comes from Richard Close with Canaccord Genuity.

Richard Collamer Close ***Canaccord Genuity Corp., Research Division - MD & Senior Analyst***

I was just curious on the timing of Raleigh and Wisconsin, if you could let us know when those expect to be live markets.

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

Yes. Thank you, Richard. Those will be live at some point next year.

Richard Collamer Close ***Canaccord Genuity Corp., Research Division - MD & Senior Analyst***

Okay. And then is Austin scheduled for the beginning of 2021?

Amir Dan Rubin ***1Life Healthcare, Inc. - Chair, CEO & President***

That is correct.

Wonderful. Well, great. Well, I want to thank, again, everybody, for joining us on the earnings call today. I want to thank you for all your interest in our mission to transform health care and for all the great questions and engagement with our organization. We look forward to seeing you next time. Thanks so much, everybody. Have a great day.

Operator

Thank you. Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may have -- you may now disconnect.