S&P Global
Market Intelligence

Talkspace, Inc. NasdaqCM:TALK

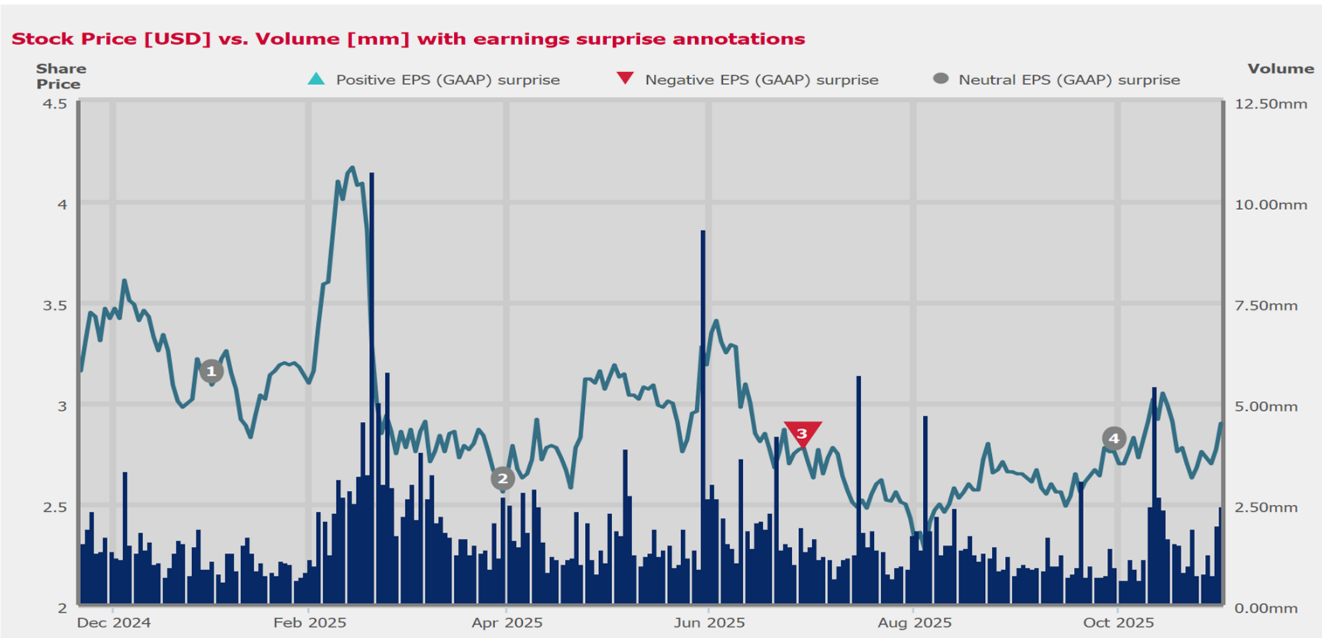
FQ3 2025 Earnings Call Transcripts

Thursday, October 30, 2025 12:30 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2025-			-FQ4 2025-	-FY 2025-	-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS (GAAP)	0.02	0.02	0.00	0.02	0.04	NA
Revenue (mm)	57.45	59.38	3.36	61.19	226.17	NA

Currency: USD
Consensus as of Oct-31-2025 10:38 AM GMT



- EPS (GAAP) -

	CONSENSUS	ACTUAL	SURPRISE
FQ4 2024	0.01	0.01	1 0.00 %
FQ1 2025	0.00	0.00	2 0.00 %
FQ2 2025	0.01	0.00	3 (100.00 %)
FQ3 2025	0.02	0.02	4 0.00 %

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EXECUTIVES

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Chief Financial Officer

Jon R. Cohen
CEO & Director

ANALYSTS

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Richard Collamer Close
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Robert Brooks
Northland Capital Markets, Research Division

Ryan Michael MacDonald
Needham & Company, LLC, Research Division

Steven Craig Dechert
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Steven James Valiquette
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Presentation

Operator

At this time, I'd like to welcome everyone to the Talkspace Third Quarter 2025 Earnings Call. [Operator Instructions] The press release and presentation of earnings results can be accessed on Talkspace's IR website. The presentation will be used to walk you through today's remarks. Leading today's call are CEO, Dr. Jon Cohen; and CFO, Ian Harris. Management will offer their prepared remarks and then take your questions. Chief Technology Officer, Gil Margolin, will join for the question-and-answer section of the call.

Certain measures that will be discussed on today's call are expressed on a non-GAAP financial basis and have been adjusted to exclude the impact of one-off items. Reconciliations of these non-GAAP measures are included in the earnings release and on the website, talkspace.com. As a reminder, the company will be discussing forward-looking information today, which may include forecasts, targets and other statements regarding plans, goals, strategic priorities and anticipated financial results. While these statements represent the company's best current judgment about future results and performance as of today, actual results are subject to many risks and uncertainties that could cause actual results to differ materially from expectations. Important factors that may affect future results are described on Talkspace's most recent SEC reports and today's earnings press release. For more information, please review the safe harbor disclaimer on Slide 2. Now I will turn the call over to Dr. Jon Cohen.

Jon R. Cohen
CEO & Director

Good morning, and thank you for joining the call today to review our third quarter results. We delivered record revenue of $59.4 million and adjusted EBITDA of $5 million. I am pleased to report that active payer members grew 8% sequentially and 29% year-over-year and payer sessions increased 12% sequentially and 37% year-over-year. This acceleration in the quarter is a reflection of the focused approach we initiated this year on all aspects of the patient journey. As I look back at the quarter, I'll call out a few specific areas where we've seen this strategy have a significant impact.

The number of clients activating and attending their third session in the first 30 days on the platform is up over 50%, driven mostly by improvements to our matching algorithm, ease of scheduling and improved provider capacity. In addition, we continue to see strong results and improve the efficiency on our marketing spend by targeting specific new audiences such as military and their dependents. We are also utilizing AI-driven tactics to further optimize media and test new marketing investments. In the third quarter, we became in network with several new Blues plans, including Illinois and Massachusetts, and we won a competitive takeaway of one of the largest national EAPs, which we launched earlier this month. We have also made meaningful progress embedding Talkspace into our payer partner ecosystems by focusing on the areas that matter most to them.

We continuously manage and curate our network of around 6,000 clinicians to make sure that top quality providers are available to our members and to ensure that each clinician is highly engaged and motivated. This is a key differentiator for Talkspace and has helped drive deeper integration with our payer partners, including directory integrations to facilitate patient sign-on as a seamless experience. Our brand awareness has also improved as we are now the most recognized insurance coverage focused brand for mental health with over 35% of people recognizing the Talkspace name according to third-party surveys. This makes our integration into payer directories even more effective as people are more likely to recognize Talkspace and seek care from us.

Payer revenue in this quarter also benefited from strength in our psychiatry business, which we relaunched earlier this year to address the needs of our high acuity users and those that need medication. As a result of these initiatives, psychiatry initial session volume increased 46% in the quarter. Further, we grew our psychiatry network of providers by nearly 50% from Q2, and we'll continue growing that part of the network given the demand trends we are seeing. We continue to focus on optimizing the internal referral funnel between therapy and psychiatry services, and we expect continued growth in the coming quarters.

To round out our comprehensive mental health services, earlier this month, we announced our acquisition of Wisdo Health, a clinically proven AI-powered social health platform specializing in peer-to-peer community and coaching support. Wisdo has supported over 500,000 adults to date on their platform and utilizes AI to match this population with appropriately trained peers and group coaching for emotional support, companionship and shared experiences that improve health outcomes, increase adherence and engagement rates and reduce total cost of care for its health plan clients. Wisdo is particularly applicable to many Medicare patients who have recorded a 21% decrease in loneliness and exhibited reductions of up to 10% in emergency room, urgent care and inpatient visits after joining Wisdo. We anticipate that many of the Wisdo users may also benefit from referrals to therapy, just one of the many avenues where we see the synergies of being able to provide patients with a more complete set of behavioral health solutions.

I am also excited to announce that next month, Wisdo will begin supporting Novo Nordisk's new WeGoTogether app for patients on Wegovy for obesity or overweight. Within the app, Wisdo powers the group coaching experience that helps participants build sustainable habits, share encouragement and stay emotionally supported as they work toward their health goals. Our direct-to-enterprise or DTE business remains solid, particularly with organizations serving youth and young adults. Specifically, our 2-year deal with the North Carolina Department of Health and Human Services to provide Talkspace to 20,000 teenagers impacted by the justice system first launched in July and Corespaces, which provides student housing options to on college campuses to 36,000 students at 32 different universities launched in late August. While both of these launched a bit later in the quarter than anticipated, they are now up and running and progressing nicely.

Additionally, this was a strong quarter for contract renewals, including Baltimore County Public Schools and Colby College, which has renewed its contract 3 times now for its 8 years with Talkspace. We also celebrated 2 years of our New York City Teen Space program. Looking at the results over that time period, we have over 40,000 youth enrolled in the program. Notably, 93% of the participants use messaging, highlighting that our approach to accessibility allows us to meet teams where they are. Our suicide risk algorithm identified over 500 potential elevated risk incidents, which is incredibly important in a population experiencing anxiety and depression as their most prominent mental health challenges.

Switching to AI. We continue to make significant progress integrating our work on AI into all aspects of our business with multiple initiatives to improve the customer member journey. This includes LLM search engine optimization, AI assistance in improving eligibility determination for insurance, smart insights for providers in preparation of their sessions, comprehensive smart evaluation that provides the providers with a HIPAA-compliant AI draft of a biopsychosocial evaluation after intake sessions, Smart notes providing post-session summaries for the clinicians, our Talkcast individualized podcast that I've talked about in the past and now our AI that helps review the medical records, which has been extraordinarily helpful to the compliance and clinical quality teams.

We have data demonstrating the value of our AI innovations. When providers use smart insights ahead of their second session with a member, those members are more than 30% more likely to book a third session within 30 days and 31% more likely to complete their third session within 30 days of registration. Recent results from our data on Talkcast indicate that 21% of people are more likely to book and complete a third session after listening to their podcast.

We've also launched 3 additional proprietary risk algorithms to add to our suicide risk algorithm. These include risk for violence or homicidal ideation, homicidal intent or homicidal plan, risk for substance use disorder and maltreatment risk determination, which identifies behavior or circumstances that may lead to harm, neglect or ongoing abuse.

Finally, I'm very excited to announce that the Talkspace-developed behavioral health-specific large language model I alluded to on our Q2 earnings call has proven to outperform current AI chatbot agents in our alpha testing. Our proprietary LLM has been trained on hundreds of millions of anonymized therapy transcripts and rigorously tested for safety and therapeutic quality, and we envision it will serve as a therapy companion and clinical support tool. With that in mind, I want to address the issue of AI and mental health and the crisis that has emerged generating the recent headlines of high-profile cases in the press of significant injury and fatalities as a result of people interacting with general purpose LLMs to address mental health issues.

Many have noted that the chatbot can be dangerous as they provide instant unrestricted validation and reassurance to users, are too empathetic or sycophantic are constantly affirming bad behavior and are always cheerfully adaptive during conversation that flatters rather than challenges ongoing issues. This has resulted in social deskilling and an erosion of real-world interactive skills. They fail to challenge delusions or reinforce reality, lack real-time risk identification, lack clinical oversight and there is no HIPAA protection. We would note that even as companies work to address some of these issues, they do not have all of the necessary capabilities or experience to more fully protect users.

We recognize that these inadequacies of others is a unique opportunity for us. Our significant investment in an AI model, combined with our other capabilities will offer individuals a significantly better and safer experience. This new model that we have developed sets a new standard for both therapeutic efficacy and user safety unlike general purpose LLMs available today. Utilizing our database, the model was trained on hundreds of millions of tokens from anonymized and graded Talkspace therapy transcripts. In testing, the model consistently outperforms both open source baselines and state-of-the-art models in responding to high-risk mental health situations, including self-harm, hallucinations, OCD, mania and delusion.

In fact, in a recent test, our model when compared to general purpose models without this specialized fine-tuning delivered a 50% improvement in identifying and responding to high-risk behaviors, a 47% higher therapeutic quality score on the cognitive therapy rating scale and a 3x higher user satisfaction than the base model. We expect that these early results will get even better over time as we refine the model and further testing cycles. More importantly, our product is being built with significant clinical oversight, real-time risk determination, immediate referral to a live therapist, human in the loop and with HIPAA protection to protect patients' personal information. These are unique and core skills that are already available to our Talkspace members through their personal interactions with their therapists. Additionally, our model can be used as an engagement tool for intake screening for multiple different types of patients and as an engagement tool in between sessions.

We see the development of our Safe Talkspace AI agent (proprietary LLM) as a large new opportunity with significant potential upside for our existing business and significant opportunity for new products. We expect to launch a full product offering in the first half of 2026, but believe there are a number of unique and significant commercial opportunities in the near term. We expect to focus initially on several of these near-term opportunities that take advantage of our existing commercial infrastructure and brand presence, including as an affordable alternative for consumers and an attractive alternative for employers to provide a low-cost alternative to their employees.

Over time, we anticipate being able to work with our existing payer partners to offer to their network members a reimbursable alternative. Importantly, all of these early products will remain HIPAA compliant and provide real-time clinical oversight with the availability for immediate referral to a live therapist in our existing network. We look forward to providing updates on this important initiative over the coming months. I'm proud of all our team has accomplished so far this year and know we are set up for even greater success ahead. Now I'll turn the call over to Ian to review the financials in more detail.

Ian Harris
Chief Financial Officer

Thanks, Jon, and good morning, everyone. In the third quarter, we continued to execute on our growth and profitability objectives while maintaining strong operational discipline. First, I'll review our quarterly financial performance and then provide an update on our outlook for the remainder of the year. Starting with the third quarter results.

Total net revenue was $59.4 million, an increase of 25% year-over-year and 9% sequentially. The accelerating momentum in our payer business is a result of our strategic product investments over the last several quarters as well as our efficient marketing approach throughout the year. Payer revenue grew 42% year-on-year and 12% sequentially to $45.5 million. This performance reflects the continued adoption and our collaboration with payer partners, resulting in higher member engagement within our payer populations.

During the quarter, we completed more than 432,000 payer sessions, up 12% sequentially and up 37% year-over-year. The strong session growth was driven by a 29% increase in unique active payer members to over 120,000, which represents our highest quarterly figure since the company's inception and reflects one of the benefits of the payer business line where past cohorts compound over time as members exhibit longer retention rates than out-of-pocket members. Direct-to-enterprise revenue was $9.3 million, down 1% year-on-year and 2% sequentially.

Similar to last quarter, our renewal rates were strong, but as Jon mentioned, we experienced slight delays in a couple of material launches that were moved from Q3 to Q4. We have high visibility into sequential growth for Q4, thanks in part to the Q4 launches of those third quarter new client wins.

Consumer revenue from people paying out of pocket totaled $4.6 million in the quarter, up from $4.4 million last quarter, but a decline versus $6 million a year ago as we now cover more Americans via in-network benefits and we optimize our checkout funnel to direct members to use their covered benefits.

Adjusted gross profit was $24.6 million, up 13% year-over-year and up 5% sequentially, representing a 41.5% gross margin compared to 43.1% in the prior quarter. The sequential decline in gross margin was driven in part by the continued overall mix shift towards payer revenue as well as the timing of selective network hiring in certain areas in anticipation of increased demand, which we expect to normalize in Q4. Total operating expenses were $22.4 million, down 11% sequentially and up 4% year-over-year.

As a percentage of revenue, OpEx, excluding stock-based comp and nonrecurring expenses, declined to 34% versus 40% in Q2 and 41% a year ago, driven by disciplined expense management and continued operating leverage as revenue growth outpaces a relatively fixed cost base. Adjusted EBITDA grew 111% year-over-year to $5.0 million compared to $2.3 million in Q2 and $2.4 million a year ago. Adjusted EBITDA margin expanded to 8.4% versus 5% a year ago, again, demonstrating the operating leverage inherent in the business.

Turning to the balance sheet. We ended the quarter with $96 million in cash and equivalents, including available-for-sale securities and restricted cash. This was down $7 million sequentially, primarily due to our share repurchase activity. We bought back nearly $9 million of stock in the quarter, bringing our year-to-date share repurchases to $17.2 million. Finally, turning to our outlook.

We are narrowing our full year guidance ranges for 2025 as follows. We now expect revenue to be between $226 million and $230 million, which represents year-over-year growth of 20% to 23%. This compares to the prior range of $220 million to $235 million. We now expect adjusted EBITDA to be between $14 million and $16 million versus the prior range of $14 million to $20 million.

As we've shared today and is evident in our improving KPIs and accelerating revenue growth, especially in our payer business, the strategic investments we've made in both marketing and to improve our technology and product platforms over the course of 2025 are paying off. While these investments impact our near-term profitability as reflected in the updated guidance, they also lay the groundwork for sustainable growth for both our top and bottom lines in the near term as well as into 2026. We've made meaningful progress across the company so far this year, both from a clinical and operational standpoint. I believe we're ending the year on a very solid foundation. With that, operator, we can open the call for questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Steven Dechert with KeyBanc.

Steven Craig Dechert
KeyBanc Capital Markets Inc., Research Division

Just want to ask around the large language models. How will those be integrated into the Talkspace app? And how do you plan to monetize that? Will that be like a subscription? Or is this something that will be included if you're an existing patient for free?

Jon R. Cohen
CEO & Director

So thanks for the question. It will be integrated into our network. We also have -- we're also building this clinical oversight piece of it. So we'll be able to watch for anybody that needs off-ramping. So that's part of the new patient journey that will be part of this, depending on which population uses it. We have multiple areas you may have seen that we can monetize this, whether it's large populations, consumers, employers. So the model and the patient journey for each of those will be different. So my answer to your question is really stay tuned until we're ready to really bring it to market, which will be early 2026. But each one of those will have actually a different impact on us relative to the -- how we commercialize that particular entity.

Steven Craig Dechert
KeyBanc Capital Markets Inc., Research Division

Okay. And then maybe as a follow-up, could you talk about some of the changes you've made to the matching algorithms driving the strong retention that you're seeing?

Jon R. Cohen
CEO & Director

I think the most important part there is that we get people in and we actually tell them that we're going to make an appointment for them. Subsequently, we then, in some circumstances, find an appropriate match for them as opposed to matching them right off the bat. So that's one initiative. The second is our ability to schedule people for multiple sessions or into time slots of what they're looking for has significantly improved to help drive that part of the registration process.

Ian Harris
Chief Financial Officer

Yes, Steve, it's Ian. I wouldn't say there's really one or even a handful of things we can point to directly that impact it. It's really a multitude of small tweaks that all have a really positive compounding effect when stacked together. So it's dramatically simplifying our registration flow. It's network management, where we're dynamically looking at supply/demand and sort of having that supply management outlook, where we're looking both in the near term, 1, 2 weeks ahead, but also from a broader network planning quarters ahead. Even we're getting at specific like days of the week, times of the day, which states and making sure that we're engaging our network to open up schedules and availability such that when people come in, we know in addition to costs, which we've talked about in the past, we know that scheduling is a huge criteria in terms of that consumer choice to go through with their decision to proceed or not.

Operator

Your next question comes from the line of Charles Rhyee with TD Cowen.

Ethan Kim
TD Cowen, Research Division

This is Ethan on for Charles. So it looks like payer KPIs are doing pretty well. And are you guys comfortable, do you think, with the number of credential therapists you have right now in your network? Or do you think you might have to potentially grow that number in the near or medium term?

Ian Harris

Chief Financial Officer

Yes, we're definitely comfortable with where we stand today. I mean every -- again, we're meeting even at the senior executive level weekly on this exact issue for capacity planning because obviously, it's core to what we do. I'd say, in general, we feel good about where we are. We're constantly pruning, adding. It's hard to talk about it sort of in the aggregate because we're getting down very specific to what are they credential for, realms of expertise, are they at 1099 versus a W-2? What's their ultimate capacity and what geographies are they in? Just to name a few of the variables we have to plan around.

But I touched on that actually in my prepared remarks around our gross margin, the sequential change from Q2 to Q3. Some of that was actually -- we did some hiring in our network sort of to get out in front of anticipated demand, which we saw in Q3. And candidly, what we're seeing in Q4, more of the same of that very strong payer demand. So that was a little bit of a drag on gross margins in Q3 as we hired sort of ahead of that demand. But where we stand today, we feel very good about the health of the network overall.

Ethan Kim
TD Cowen, Research Division

Okay. That's super helpful. If you don't mind me taking a quick follow-up. So it looks like S&M ramped down in the quarter, and this is pretty consistent with what you guys have been messaging. But just how should we think about the run rate of marketing spend going forward?

Ian Harris
Chief Financial Officer

Yes. So it was down a little bit sequentially, obviously, up, I think, about $1 million year-on-year. And what I would reiterate is we're very -- I say this like it's a very high bar for marketing. We don't spend it lightly. And so we were comfortable adding versus a year ago because of the efficiency and the very strong ROI we're seeing. And I think that came through in the KPIs for payer last quarter and again, this quarter, just looking at the new user growth, which is a very good forward indicator of sessions that are going to come and obviously, in a fee-for-service model, therefore, payer revenue that's to come. So going forward, I think kind of where we are in Q3 is an okay proxy for Q4. We'll obviously come back to you all on sort of '26 guidance next quarter. What I would say is the sort of -- in our narrowed guidance for '25, that 20% to 23% growth range, I would expect for next year another 20% plus top line growth, which obviously requires some marketing to support it, but it wouldn't be too dramatically different from this year.

Operator

Your next question comes from the line of Ryan MacDonald with Needham.

Ryan Michael MacDonald
Needham & Company, LLC, Research Division

Congrats on the continued success in the payer channel. If we kind of break down sort of the growth in active members utilization, can you just talk about sort of how much you attribute to sort of the core commercial population versus obviously, the continued growth in lives in the Medicare population thus far?

Jon R. Cohen
CEO & Director

Yes. I think as you can imagine, the significant growth continues to be on the commercial side of the business. We are seeing continued growth in Medicare. We are seeing, I would say, significant uptake on the military initiatives that we're doing right now. So all of it is moving at the same almost the same pace. But there's no question that the commercial payer orbit is significantly contributing to the increase in both registration and sessions.

Ryan Michael MacDonald
Needham & Company, LLC, Research Division

That's helpful. And then as you think about the Wisdo Health acquisition and starting to integrate that, how can you -- what can that do to help sort of open up more of the Medicare opportunity for you or drive more sort of active engagement there? And then is there anything from a marketing perspective you're doing during open enrollment here to really try to ramp up those efforts this year?

Jon R. Cohen
CEO & Director

Yes, it's a great question. So -- so there's no question that the Wisdo integration into our Medicare strategy, we think will provide some significant uptick because of the group coaching that they offer. We are finding that a significant number of seniors like the idea of group coaching and peer-to-peer and people who have experienced what they have, particularly around the loneliness issue. So we do think that as a significant uptick relative to the Medicare population. I'm not -- I understand your question relative to open enrollment. I'm not sure what the impact of that would be. It's certainly unknown relative to the Medicare Advantage population. So I don't -- I can't answer that. It's to be seen about what happens in open enrollment. But remember, our core issue is pitching directly to patients once they've signed up.

I would also -- I just want to reiterate a little bit on the Wisdo. The Novo Nordisk announcement that we made as part of it is really a significant positive issue relative to the Wisdo go-to-market strategy. It was very clear that the people who are taking GLPs relative to weight management are really looking for a group coaching solution to help them get through it by seeing and interacting with other people who are going through the journey.

Ian Harris
Chief Financial Officer

Ryan, a quick modeling note on that point. So the Wisdo revenue will show up for something like the GLP-1 program with Novo and their Wego app, that will show up in DTE revenue. And then to your earlier question, signing up our existing payers, which I would say to date, the receptivity and interest from Talkspace's existing payer partners has really pleasantly surprised us. Their interest in potentially adding on Wisdo as another benefit. That will obviously show up in payer revenue. So it won't be broken out separately per se.

Operator

The next question comes from the line of Richard Close with Canaccord Genuity.

Richard Collamer Close
Canaccord Genuity Corp., Research Division

Congratulations on the results and all the update here. Just maybe to pull a thread on Wisdo and the pharma opportunity. Can you just talk a little bit about how you see that playing out? Is this just a one-off with Novo? Or how are you thinking about really penetrating that market?

Jon R. Cohen
CEO & Director

Yes. I won't discuss the specifics of the relationship with Novo. I would tell you that, as you can imagine, the number of people that are getting Wegovy and what percentage of them are going to -- are really looking for this kind of application to help them get through their journey. What it does is it really helps people develop the habits to continue to stay on the drug. We are -- we will look at other similar opportunities in the pharma space in a general sense, but we need to get this one, honestly, right the first time around. So I would say more to come on that.

Richard Collamer Close
Canaccord Genuity Corp., Research Division

Okay. And then just maybe on the AI front, I appreciate the comments there and calling out, I guess, some of the downfall of other LLM models and dealing with mental health. Are there -- do you see opportunities for Talkspace as maybe partnering with some of those other companies in terms of providing the clinical oversight that's associated with your offering? Just any thoughts there in terms of partnership opportunities?

Jon R. Cohen
CEO & Director

Yes. So the answer is absolutely yes. We do have significant -- you've heard me talk about it. I think we have a significant differential advantage relative to the other LLMs, specifically that we have the provider network. we actually know how to deal with mental health journeys. And I think what's nuanced a little bit is if you're in another LLM and you need therapy and you need to see a therapist, we're in-network. So what that means is if we have a continued seamless journey relative to the others, patients who need therapy essentially are going to be probably covered. So they don't have to pay more. If you're on one of the other LLMs and you need therapy or need to go outside the network, the question is who's going to pay for that. So it's a long-winded answer to -- I do think there are licensing and other potential opportunities with other players out there.

Operator

Your next question comes from the line of Bobby Brooks with Northland Capital Markets.

Robert Brooks
Northland Capital Markets, Research Division

It was great to see a second straight quarter where all the year-over-year growth KPIs on utilization for payer accelerated. And I was just curious if we could dive a little bit deeper of the factors that were driving that. I know over the last 2 quarters, you had mentioned new monthly record sign-ups for new users, and that was sort of the key. Is that still occurring? Just hoping to get a little more color on that.

Ian Harris
Chief Financial Officer

Bobby, thanks for the question. The short answer is yes. So I think what you're referring to last quarter, sequentially, in terms of quarterly unique active payer members, we saw about a 10,000 user step-up from Q1 to Q2 and saw pretty much the same step-up Q2 to Q3. And as I mentioned earlier, that's a really good leading indicator for payer revenue. We have very high visibility into sort of the retention of a new group adding on to the platform in a month and sort of what those cohort curves look like. So from a supply capacity planning standpoint, that's very helpful.

And yes, I mean, you saw it again this quarter, which obviously putting 2 and 2 together there, bodes very well for our visibility into payer revenue for Q4, where, again, we grew 29% the users this quarter versus a year ago. The sessions also grew 37%. And then you can do the math. You saw a little bit of a benefit year-on-year sort of mid-single digits in terms of sessions per member. And again, some of that is around the product changes we're doing to engage folks. Some of that is actually, in Jon's remarks, he talked about a relaunch of psych. And as part of that, we're doing a much better job, much more concerted effort in sort of that cross referral between therapy and psych that a year ago, we were candidly not very focused on. So sessions per member also going up, price going up, users going up, and that's why you're getting that really -- that 42% growth in payer is sort of a function of all that.

Just to double-click on the new user piece, marketing for us gets -- we've touched on and again, the efficiency metrics and ROIs we're seeing there are still very good. We're very pleased with it, and that's why we had sales and marketing up about $1 million from a year ago. We've talked in the past, less so this quarter, but the level of collaboration and candidly the sort of effort and resources from our payer partners that they're dedicating to making it a more seamless integration to get to Talkspace has been also a very big benefit in terms of new users.

So when we talk about the directory integrations and getting more embedded into their payer portals to make it a more seamless transition, that's been, I mean, years and years in the making to get to the point where all the clinical quality, all the safety, all the outcomes data that we're sharing with them and they've been pleased with for multiple years. You can imagine these managed care or it's a very long list of priorities to be able to get that dedicated resource and attention from them to go through these sort of technological integrations, it's a very high hurdle, and I think it's a testament to the job we're performing for them. So that leads to significant user growth as well.

Robert Brooks
Northland Capital Markets, Research Division

Got it. That's super helpful. And then just maybe double responding to the directory integration. I know in the past, you had talked -- I think it was like you were integrated with one payer system. It seems like maybe that's now expanded to some others. Just any thoughts on that?

Jon R. Cohen
CEO & Director

Yes. We -- so the answer is yes. We will be in several other national players, most likely probably in Q4 and rolling into 2026. But those are really close, I'll tell you to the finish line, which will, as I said, probably happen in Q4, which will continually have a significantly positive impact on the ability of people to book sessions without having to leave the payer platform.

Ian Harris
Chief Financial Officer

I think what you're asking is that those new additions are on the come. Those are not reflected in the Q3 results.

Robert Brooks
Northland Capital Markets, Research Division

That's helpful color. And then I'm sorry if I missed this if you discussed it earlier, but could you maybe just discuss the factors underpinning the guidance range tightening, specifically on EBITDA? Is it -- are you just spending a little bit more in anticipation of more -- I know your gross margins are lower on some selective hiring, anticipating more demand. Is that Okay. So that's kind of the driver for the EBITDA change.

Ian Harris
Chief Financial Officer

Yes, exactly. So on the revenue tightening, we just -- as you can see, tighten around the midpoint. I guess the new midpoint is a little bit higher than prior. And then a couple of million down on the EBITDA range, which is a couple of factors. One is actually a function of the sort of DTE commentary Jon laid out where some of our Q3 launches got delayed to October. So they're live now, and we'll see it in Q4, but you lose up to a quarter of revenue and EBITDA from that. And then it's also in assessing sort of our classic sort of growth versus profitability, given the returns we're seeing and the acceleration in our KPIs, right, payer going from low 30s at beginning of the year annualized growth to low 40s and wanting to continue that given the opportunity set is there, we decided a couple of million bucks on EBITDA to ensure that we're growing at least 20% in 2026 is a trade-off that makes a ton of sense.

Robert Brooks
Northland Capital Markets, Research Division

I would agree with that logic.

Operator

Your next question comes from the line of Steven Valiquette with Mizuho.

Steven James Valiquette
Mizuho Securities USA LLC, Research Division

Let me offer my congrats on the results as well. I guess my question is just kind of thinking ahead of next year, 2026 is the third year of your 3-year guidance you gave at the beginning of 2024. Just wondering if there's any plans right now to provide any sort of new long-term guidance sometime next year or if that's still kind of TBD? Or are you going to just revert back to annual guidance? Just curious as you think about visibility on the business, how you're going to tackle the kind of the forward look. Just any preliminary thoughts around that might be helpful.

Ian Harris
Chief Financial Officer

Yes. Thanks, Steve. I think TBD for now. But yes, to your point, the 3-year outlook we put out early '24 was for '24, '25, '26 we've largely delivered across that 3-year plan, right? So just to remind folks, it was a 20% to 25% top line CAGR, which we grew 25% in '24 year 1. The narrowed guidance is for low 20s in this year '25. And so even to hit that outlook, we could have much lower growth in '26, but I want to make sure you hear, we think '26 will look a lot like '25 or potentially better, so at least 20% growth again in 2026 and then getting to that sort of low double-digit 12.5% to 15% EBITDA margin. So that's also very much the plan for '26. Obviously, we will give more detailed annual guidance next quarter or potentially at JPMorgan in January. But in terms of the longer-term outlook, I will not make any promises, but I know that's always helpful for you guys, so duly noted.

Operator

Your last question comes from the line of Ryan Daniels with William Blair.

Matthew Mardula
William Blair & Company L.L.C., Research Division

This is Matthew Mardula on for Ryan Daniels. So regarding Medicare, there have been many different subsectors and just the overall larger market of Medicare. But since you've had a couple of quarters under your belt, when do you believe Medicare will start to meaningfully impact results? Do you think it could be 2026 or later on? I'm just trying to understand the ramp that could come from adding patients in Medicare.

Jon R. Cohen
CEO & Director

Yes. So as I talked before, it continues to be a work in progress. We see increasing sessions, registrations each quarter. We are continuing to refine the strategy around reaching seniors. I think the unknown right now will be the impact of Wisdo, which we think will have an impact in addressing that population. So the short answer is it's still a work in progress as we work through state by state and subpopulation by subpopulation. I think you've heard me talk about before the over 75 engagement is very different than the 65- to 75-year-old, which is very different than the actual 55- to 65-year-old that may or may not be on, let's say, dialysis, et cetera. So we continue to work through it. So I would just say it's stay tuned for the Q4 and 2026 as we refine the strategy each quarter.

Matthew Mardula
William Blair & Company L.L.C., Research Division

Got it. And I understand that over the past couple of quarters, you've been using AI applications on the administrative side. And in your prepared remarks, you mentioned some. Now regarding the benefits of AI, have you seen any financial impact on an administrative level? And if so, if you can kind of give us some color into that. And I'm just trying to understand if there will be a certain time where you believe you will see a meaningful lift financially in terms of either productivity or savings regarding usage of AI applications on the administrative side.

Jon R. Cohen
CEO & Director

So as we reported in the remarks, we've already seen significant impact of AI. We've integrated it to almost every part of the patient journey from the top of the funnel through first session, second session, third session. So the impact has actually been significant. We've talked about 30% more people looking now to book a third session within 30 days, 31% more likely to complete the third session. The Talkcast have had a positive impact of 20%, 21% of people more likely to book a third session. All of those are just examples of how AI actually is integrated into the patient journey with whether it's the risk algorithms, smart notes, summary notes that I talked about on the comments, all of that already has had a very, very remarkable impact on the number of sessions that we're seeing and people rebooking.

Ian Harris
Chief Financial Officer
And on the corporate side for G&A, I'd say we are already using AI a ton to ensure that operating leverage comes through. So we grew 25% this quarter. I think this is probably in the adjusted EBITDA bridge when you look at the OpEx that impacts -- excluding SBC that impacts EBITDA, it's effectively flat year-on-year. So the benefits of a lot of what we're doing on a corporate level are definitely embedded in that minimizing OpEx.