

Q1

QUARTERLY REPORT



new health
york business
city leaders

New York Healthcare Funding

2022

The year started off on a strong note with the release of our 2022 Healthcare Innovation Report and NYC Digital Health 100 (DH100) in February. We were delighted by the community's response – our social media feeds lit up with companies celebrating their accomplishments. To build on the momentum throughout 2022, we'll be profiling leaders from the DH100 who are changing healthcare in NYC and beyond.

In the first quarter, we also hosted our annual event: **Healthcare Investment Trends: Where Will the Money Flow in 2022?** Leaders from AlleyCorp, Deloitte, Optum Ventures and Transformation Capital weighed in on 2021's record breaking year for digital health funding and offered predictions for 2022. Their insights were just too good not to publish.

Is the money still flowing? Yes, but not quite as freely as last year. There is still plenty of capital pouring into NY healthcare – \$1.3B in Q1 – but investors are being more thoughtful and selective. M&A activity is also heating up, with Ro's acquisition of Dadi to expand male fertility services and the merger of Thirty Madison with Nurx to expand virtual specialty care services. We expect to see further market consolidation throughout the year.

While Omicron was a top concern for many in the beginning of the year, we're heading into the second quarter with renewed energy across the industry and in NYC. As we return to in person events, I'm looking forward to seeing many of you in the second quarter!

OUR SPONSORS

Deloitte. J.P.Morgan



Bunny Ellerin

Co-Founder & CEO

NYC HEALTH BUSINESS LEADERS

By the Numbers

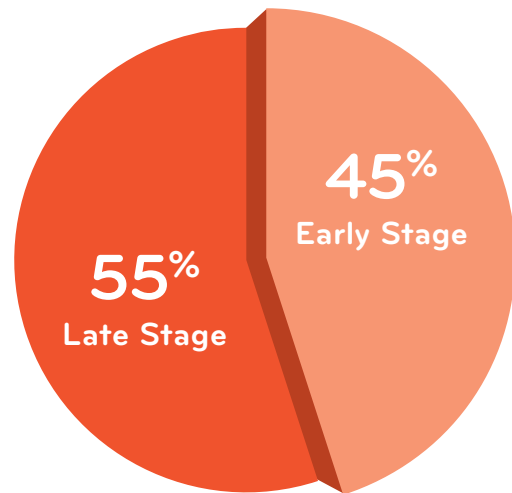
50 COMPANIES RAISED
\$1.3B
 IN Q1 2022

After a record breaking 2021, investors are pulling back and placing bets more selectively. Q1 funding was on par with Q4 2021 (\$1.4B).

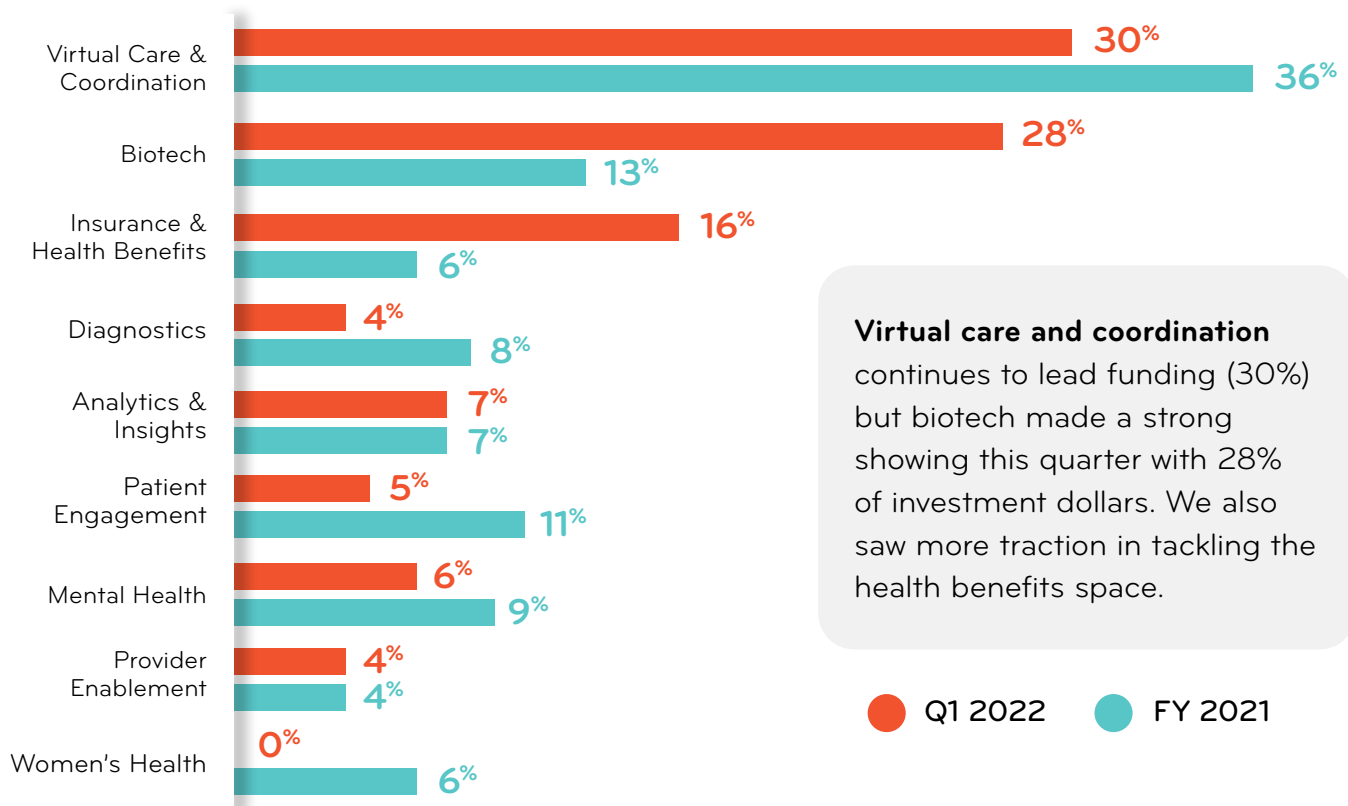
Funding by Stage

Notably, early stage investments comprised 45% of Q1 funding, a far larger percentage than we've seen over the past two years (15% in 2021 and 27% in 2020).

Early stage includes pre-seed, seed and Series A. Late stage includes Series B and beyond.



Funding by Sector



Virtual care and coordination continues to lead funding (30%) but biotech made a strong showing this quarter with 28% of investment dollars. We also saw more traction in tackling the health benefits space.

● Q1 2022 ● FY 2021

Funding in Q1 2022: **Top 20**

NO.	COMPANY	FOCUS	FUNDING (M)	STAGE	SELECT INVESTORS
1	KALLYOPE	Platform to harness the gut-brain axis	\$236	Late stage	Mubadala Investments, Column Group, Alexandria Venture Investments, Casdin Capital
2	 ro	Direct-to-patient healthcare company	\$150	Late stage	ShawSpring Partners, General Catalyst, FirstMark Capital, TQ Ventures, SignalFire, BoxGroup
3	 ConcertoCare	Value-based provider of at-home care for seniors and others with complex needs	\$105	Late stage	Wells Fargo Strategic Capital, Obvious Ventures, Vast Ventures, Deerfield Management
4	 EyeBio	Ophthalmology biotech	\$65	Early stage	SV Health Investors, Samsara BioCapital, Jeito Capital, MRL Ventures
5	 COMPANION SPINE	Diagnosis and treatment of spine conditions	\$55	Early stage	Viscogliosi Brothers
5	Nayya	Benefits experience platform	\$55	Late stage	ICONIQ Growth, Transformation Capital, Felicis Ventures, SemperVirens
7	 koneksa	Patient-centric digital biomarker company	\$45	Late stage	AyurMaya, Takeda Ventures, Velocity Capital, McKesson Ventures, Novartis (dRx Capital)
8	 Chapter	Medicare advisory firm	\$42	Late stage	Addition, Narya Capital, Susa Ventures, Maverick Ventures, XYZ Venture Capital
9	Bennie	Benefits solution for small and mid-sized companies	\$33	Early stage	Silverton Partners, Picus Capital, Global Founders Capital, Interplay Ventures, FJ Labs
10	 flume health	Health-plan-as-a-service	\$30	Early stage	Optum Ventures, Cigna Ventures

NO.	COMPANY	FOCUS	FUNDING (M)	STAGE	SELECT INVESTORS
10	 SOLLIS HEALTH	Members-only 24/7 concierge medical services	\$30	Early stage	Torch Capital, Denali Growth, Strand Equity, Read Capital
12	 Apploi	Healthcare recruiting software	\$25	Late stage	mxv Capital, Defy Partners, Underscore VC
12	 Jasper	Cancer care guidance, navigation, and experience platform	\$25	Early stage	General Catalyst, Human Capital, W Health Ventures, Redesign Health, 7wireVentures
12	 Minded	Specialists in prescribing mental health medication	\$25	Early stage	Streamlined Ventures, Link Ventures, The Tiger Fund, Unicorn Ventures, Trousdale Ventures
15	 ANTIDO+E	Telehealth provider offering quality, affordable healthcare	\$22	Early stage	iAngels, Group 11, Flint Capital
15	 Mantra Health	Digital mental health clinic focused on young adults	\$22	Early stage	VMG Partners, New Markets Ventures, 14W, Elements Health Ventures, Baleon Capital, Canaan Partners
15	 SUMMUS	Virtual specialty care platform	\$22	Late stage	Mitchell Rales (Executive Chairman of Danaher Corporation), Sator Grove Holdings
18	 gameto	Biotech to improve fertility	\$20	Early stage	Future Ventures, Bold Capital Partners, Lux Capital, Plum Alley, TA Ventures
18	 RECORRA	Redefining the future of heart health	\$20	Early stage	SignalFire, Valor Equity Partners, Pear VC
18	 scope	Security solution for healthcare environments	\$20	Early stage	Thrive Capital, SV Angel, Martin Ventures, Sound Ventures, Crossbeam
18	 Trialjectory	AI powered decision-support healthcare platform	\$20	Early stage	Insight Partners, JAL Ventures, Contour Venture Partners, Rho Capital, TIA Ventures

Healthcare Investment Trends

We hosted our annual **Healthcare Investment Trends: Where Will the Money Flow?** event in February to explore the latest thinking around digital health funding. Leaders from AlleyCorp, Deloitte, Optum Ventures and Transformation Capital weighed in on 2021's historic level of investment and offered predictions for 2022. A few of our favorite insights are below.



Dr. Brenton Fagnoli
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PREDICTIONS FOR 2022

There's tremendous talent in the digital health sphere right now, which bodes well for the capital to continue flowing. We're seeing folks who have been part of unicorns or digital health exits who want to be founders or founding team members. There's also an influx of people from outside of healthcare who have been touched by the pandemic and are inspired to do something.

This is a transformational moment for healthcare, particularly digital health. Strong companies that are technology-enabled and look like platforms will have access to capital. On the growth side, you'll probably see more conservatism, structure and thoughtfulness.

Healthcare is complex. The reality is the demand for solutions and technology in the industry far exceeds the supply. As long as that's the case, companies will get funded.

We've got a long way to go to solve all the problems in healthcare so we'll continue to see larger seed and Series A rounds. It gives them a more extended runway to nail the product market fit and endure the occasional slow sales cycles.

PEARLS OF WISDOM

It's very easy to do things that can scale well but don't work, and also easy to do things that work really well with absolutely no scale. The magic is finding the company that can do both.

Employee recruitment and retention are top of mind in the current market. With the number of opportunities available, individuals are looking beyond the table stakes items and into areas like mission, team culture, and importantly, a chance to be a part of a category-defining story.

The whole concept of health to wealth has been around for a while. I think you're going to see even more convergence between financial services and healthcare to empower consumers to manage both.

The number of point solutions is overwhelming. There will be consolidation over the next 18 months. We have a new class of buyers: the first big wave of digital health companies that went public and have the currency to support M&A efforts. We'll also continue to see interest from larger players outside of healthcare.

DH100 Winner's Circle

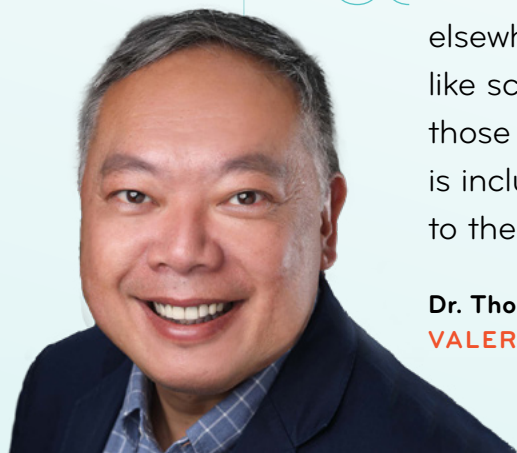
Meet a few of the leaders making an impact in New York and beyond.



Our mission is to meet patients where they are. One of the reasons our strategy includes "virtual-first"

evaluation and treatment for musculoskeletal conditions is that it is convenient and engaging for patients, saving them time and money, and avoiding privacy issues that some experience with in-home visits.

Dr. Mary I. O'Connor
Co-Founder &
Chief Medical Officer
VORI HEALTH



Today's virtual care market looks crowded, but differences will be more visible in the future. Our focus on centralized services for broad types of primary and chronic condition care sets us apart. We're proud of the change we are creating by being a patient's partner in their journey for better health.

Avihai Sodri | Co-Founder & CEO
ANTIDOTE HEALTH



As our name suggests, we are all about providing patients with a soft landing by smoothing transitions from hospital and residential facilities to home care. Every day, we talk to overwhelmed, under-resourced humans who say we make their lives easier.

David Gelbard | Founder & CEO, **PARACHUTE HEALTH**



We have launched the world's first and largest pre-screening initiative for 100K cancer patients. Oncology clinical trial enrollment is uber complex. You need crazy outliers like us to tackle these complex and challenging problems to make a dent in the market. Massive Bio = GRIT (persistence + perseverance).

Dr. Selin Kurnaz | Co-Founder & CEO, **MASSIVE BIO**



I have personally experienced the consequences of seeing the wrong doctor and being offered an unnecessary procedure for my medical issues. Our goal is to help patients find the best individual doctors and help providers improve their own practices.

Nick Reber | Founder & CEO, **GARNER HEALTH**



We accept patients who can't find care elsewhere – patients with severe conditions like schizophrenia or bipolar disorder and those with government insurance. Our model is inclusive and longitudinal, providing access to the neediest patients.

Dr. Thomas Tsang | Co-Founder & CEO
VALERA HEALTH

Check-up on telehealth reimbursement

Our colleagues at Jones Day discuss the latest federal actions that show continued support for telehealth reimbursement, including expanding and extending Medicare coverage for telehealth services and the extension of certain telehealth reimbursement flexibilities.



Alexis Gilroy
Partner
JONES DAY



Rebecca Martin
Partner
JONES DAY



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JONES DAY

Federal Actions Support Continued Telehealth Services for Medicare Beneficiaries

In the first quarter of 2022, the federal government took several steps to expand and extend Medicare coverage for telehealth services. First, CMS expanded coverage of telehealth services as part of its annual [Physician Fee Schedule](#). Most notably, CMS expanded coverage for the diagnosis, evaluation, or treatment of certain mental health disorders to include services delivered to beneficiaries located in their homes (such that the geographic restrictions applicable to traditional telehealth services do not apply). In order for such services to be covered, an in-person, non-telehealth service must be furnished within six months prior to the first telehealth visit and at least once within twelve months of each subsequent telehealth service (unless an exception applies) and services must be distinguished and documented in the patient's medical record. CMS also expanded coverage for audio-only telecommunications for mental health disorders when certain conditions are met. Specifically, the patient must be located at

home, the provider must have the ability to utilize both audio and video communication, and the beneficiary must choose to utilize audio-only technology because they are incapable of or do not consent to using audio/video technology.

Second, Congress passed the [Consolidated Appropriations Act, 2022](#), which extends certain telehealth reimbursement flexibilities for 151 days following the end of the declared COVID-19 public health emergency. Specifically, the Act extends current flexibilities that waive geographic and originating site restrictions, expand the list of eligible providers, and allow for the provision and coverage of audio-only telehealth services. The Act also delays the implementation of the in-person requirements for mental health telehealth services (described above) for 151 days following the end of the [public health emergency](#). Lawmakers have introduced other bills to further extend certain of these flexibilities, including in some cases, permanently. Such bills include the [Telehealth Extension Act of 2021 \(H.R. 6202\)](#) and the [Telehealth Extension and Evaluation Act \(S. 3593\)](#).

The Last Word



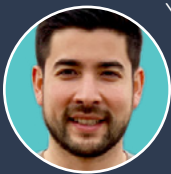
50+ million Americans deal with chronic pain, yet frequently feel stigmatized, dismissed or left addicted to opioids. We're transforming our broken pain care system by making it easy and affordable for patients to access the specific physical and mental treatments they need to find relief.

Avi Dorfman | Founder & CEO
CLEARING



Growing up in the European healthcare system, I admired the multilayered approach to maternal care which considers the mother's full spectrum of needs. From lactation to postpartum home-visits to nutrition, we believe women deserve a new standard of whole-person maternity care in the U.S.

Leoni Runge | Founder and CEO
ZAYA CARE



You can build all the digital solutions you want, but healthcare will always need a human touch and that can't be ignored. Finding the balance between tech and services is the key to success.

Lucas Takahashi | CEO
MEDMO



We continue to see a healthy private capital market that rewards growth and innovation in healthcare. A more challenging path to the public markets and the prevalence of point solutions in digital health should lead to growing consolidation by a new generation of well-capitalized, differentiated healthcare platforms. These companies are increasingly raising capital for anticipated M&A opportunities as well as organic growth.

Chris Lloyd
Managing Director,
Healthcare and Life Sciences
J.P. MORGAN



I remember the first patient I took care of in medical school. She had diabetes and was admitted to the hospital with complications. Like many Americans, her underlying diagnosis was: lack of access to timely preventative care. I founded Reside Health to help millions like my patient lead healthier lives through proactive, intuitive and accessible healthcare.

Dr. Komal Kothari | Co-Founder & CEO
RESIDE HEALTH

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METHODOLOGY

Data used in the creation of this report was obtained from a variety of sources including but not limited to company press releases, EDGAR filings, Crunchbase, Pitchbook, CB Insights and covered the period from 01/01/2022 to 03/31/2022. A company was included if it (1) listed New York City as its corporate headquarters and (2) the company received seed, angel, early-stage or late-stage funding during the period 01/01/2022 to 03/31/2022. Announcement date was used to determine placement in Q1. Companies that won grant funding, prize money or acceptance into accelerators/incubators were not included in the analysis.

DISCLAIMER

This report is provided for informational purposes only. Where possible, we verified information obtained through publicly-available sources (e.g. company press releases, news reports). If you find an error in the report, please contact us at info@nychbl.com so that we can correct it.

ABOUT NYCHBL

New York City Health Business Leaders (NYCHBL) is the premier network of senior-level professionals, executives, entrepreneurs and leaders engaged in New York's healthcare ecosystem. Founded in 2009, the organization has played a key role in turning the city into a healthcare epicenter. What sets NYCHBL apart from other organizations is our focus on the people and companies driving the innovation – we support and promote their success. We started as a convener, yet we've become so much more – a trusted source of quality content, networking and leadership. NYCHBL is the gateway for every healthcare organization that wishes to make an impact on the NYC health scene.

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