



**DHNY**  
DIGITAL HEALTH NEW YORK

NEW YORK  
**HEALTHCARE  
INNOVATION  
REPORT**

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**Q3 2023**

## Q3 WAS QUIET ON THE FUNDING

front. There's no doubt this has been a challenging time for founders, but the strength and resiliency of the digital health community will prevail.

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That's not to say companies aren't busy making an impact. We were pleased to see announcements from some of the 2023 Digital Health 100 (DH100) winners about their progress. **Pearl Health**, which offers software and services that help providers succeed in value-based care, has partnered with Walgreens to accelerate the adoption of value-based care with community physicians. **Sesame** inked a deal with Costco to provide club members with access to its low-cost, high-quality care marketplace. Patient navigation startup **Rightway** has contracted with **Kindbody** to provide affordable fertility benefits to its employees.

Although capital has been harder to secure of late, according to *Fortune's Term Sheet*, the East Coast is the "new king of early-stage deals." We saw this firsthand at our inaugural **DHNY Connect**, an exclusive event designed to facilitate introductions and create new opportunities for high potential digital health companies, investors and strategic partners. More than 50 founders and funders participated, and the energy was palpable.



No topic is generating more attention of late than obesity and the GLP-1 weight loss drugs. We recently hosted a webinar to discuss the topic and better understand the landscape. We include some of the insights in the report.

We're gearing up to review DH100 applications for 2024. The application will be available in late October at [www.dhny.co/dh100](http://www.dhny.co/dh100).

Warmly,

A handwritten signature in black ink that reads "Bunny".

**BUNNY ELLERIN**  
Co-Founder & CEO,  
**DHNY**

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## PETER MICCA

National Health  
Tech Leader,  
**Deloitte & Touche LLP**

For health systems, combining digital technologies with the human touch can help improve the health and well-being of their consumers, and establish successful, enduring relationships with them. To better understand how health systems are integrating digital health tools across various stages of consumers' health and care journey, explore [our recent report](#).

## BY THE NUMBERS

# 19 companies raised \$250M in Q3 2023

**FUNDING CAME IN AT JUST \$250M** for third quarter, the lowest we've seen since 2019. Care delivery and coordination received most of the investment dollars (60%) followed by provider enablement (22%). 2024 can't come soon enough for many – investors and entrepreneurs alike.

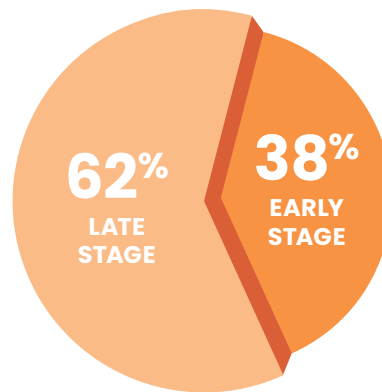
Beginning with the Q3 2023 Report, we are pleased to announce that DHNY has a new data partner: HolonIQ, a global research and data platform used by governments, institutions, firms and investors. Going forward, our quarterly funding analysis will be powered by HolonIQ as we deepen our understanding and uncover new insights in the digital health sector.

### FUNDING BY QUARTER

FUNDING (IN BILLIONS)

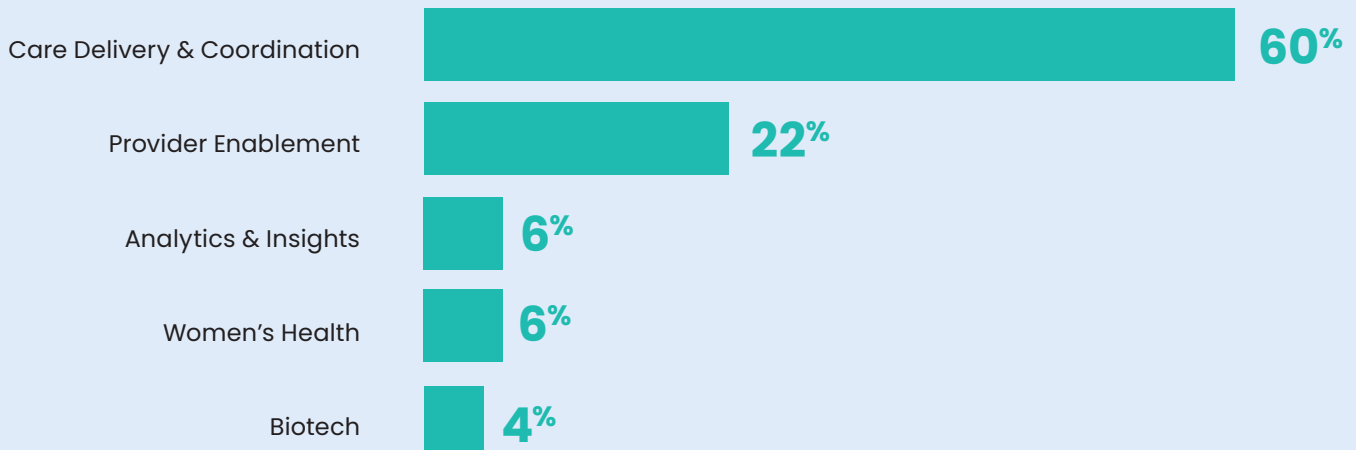


### FUNDING BY STAGE



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

### FUNDING BY SECTOR



# TOP 10 in Q3 2023

NO.	COMPANY	FOCUS	2023 (M)	STAGE	SELECT INVESTORS (in this round)
1	 <b>K health</b>	AI-driven personalized healthcare	<b>\$59</b>	Late stage	Cedars-Sinai, Valor Equity Partners, Mangrove Capital Partners, Pico Venture Partners
2	 <b>tytocare™</b>	Virtual healthcare	<b>\$49</b>	Late stage	Insight Partners, MemorialCare, HOOPP, Clal
3	 <b>torch</b>	Digital supply partner for dental practices	<b>\$28</b>	Late stage	Health Velocity Capital, Bessemer Venture Partners, FJ Labs, Felicis Ventures, Tectonic Ventures
4	<b>SUMMUS</b>	Virtual specialty care platform	<b>\$19.5</b>	Late stage	Danaher Corporation, Sator Grove Holdings
5	 <b>Affect</b> THERAPEUTICS	Digital addiction treatment	<b>\$16</b>	Early stage	ARTIS Ventures, AlleyCorp, CityLight, LifeArc Ventures, Samsung Next, What If Ventures
5	<b>Moxie</b>	Helps providers build MedSpas	<b>\$16</b>	Early stage	SignalFire, Boulton & Watt
7	<b>Evvv</b>	Precision care for vaginal health	<b>\$14</b>	Early stage	Left Lane Capital, General Catalyst, LabCorp Venture Fund, RH Capital
8	 <b>briya</b>	Healthcare data exchange platform	<b>\$11.5</b>	Early stage	Team8, Insight Partners, Amity Ventures, George Kaiser Family Foundation
9	 <b>mixlab</b>	Pet pharmacy	<b>\$10</b>	Early stage	Vanterra Ventures, Lakehouse Ventures
10	 <b>HealNow</b>	Payment technology for pharmacies	<b>\$5.5</b>	Early stage	Bonfire Ventures, Walkabout Ventures, Remarkable Ventures, Alabama Futures Fund



# DHNY CONNECT

**BRINGING TOGETHER FOUNDERS AND FUNDERS IS CORE TO THE DHNY MISSION.** In launching DHNY Connect, an event we've wanted to host for some time, we felt that the third quarter was the right time to facilitate introductions and create new opportunities for our community. On September 20, more than 50 investors and entrepreneurs gathered for curated meetings. The result: Highly efficient, engaging and results-oriented conversations that will undoubtedly lead to investment and opportunity.



**One of our goals for DHNY Connect** was to learn how the industry is collectively viewing the future of value-based care. DHNY Connect reaffirmed our conviction that the next frontier will be centered around specialty care. It was impactful to have an opportunity to meet business leaders and investors aligned with our mission to transform cardiology care.

**GEORGE ALOTH**  
Co-Founder & CEO,  
**Chamber Cardio**

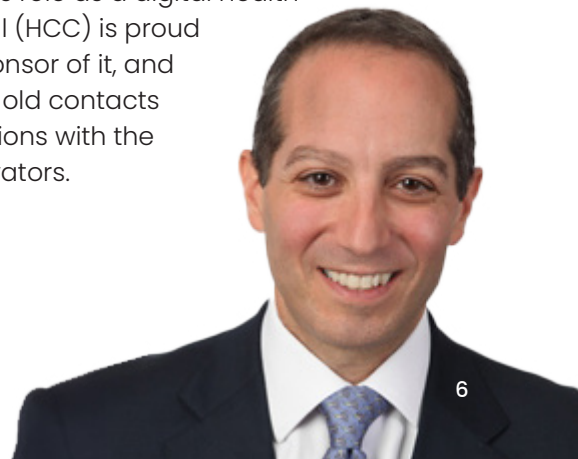


**DHNY Connect exceeded my expectations!** It felt like speed dating for startups and investors, with precisely matched opportunities. Kudos to the DHNY team for orchestrating this exceptional event!

**AMAN SHAH**  
VP, New Ventures, **VNS Health**

**It was the right time to introduce DHNY Connect,** an opportunity to connect local investors with innovators and to advance New York City's role as a digital health capital. Health Catalyst Capital (HCC) is proud to have been an inaugural sponsor of it, and we enjoyed reconnecting with old contacts and establishing new connections with the city's leading healthcare innovators.

**CHARLES BOORADY**  
Managing Partner, **Health Catalyst Capital**





**We attended DHNY Connect to meet with other innovators, builders and potential partners,** and the event exceeded our expectations in every way. It was a great experience that provided impactful one-on-one sessions with leaders from the digital health field. As a fast-growing, innovative digital health company, it was extremely helpful to be able to connect with so many impactful partners.

**BILL SNYDER**  
CEO, **Vivante Health**



**DHNY Connect offered me the opportunity to meet with a curated cohort** of new and exciting companies that were vetted by the DHNY team – a sort of matchmaking that facilitated my discussion objectives and interests to maximize the probability of mutually beneficial outcomes.

**MILIND PARATE**  
Managing Director, Ventures  
**Northwell Holdings**

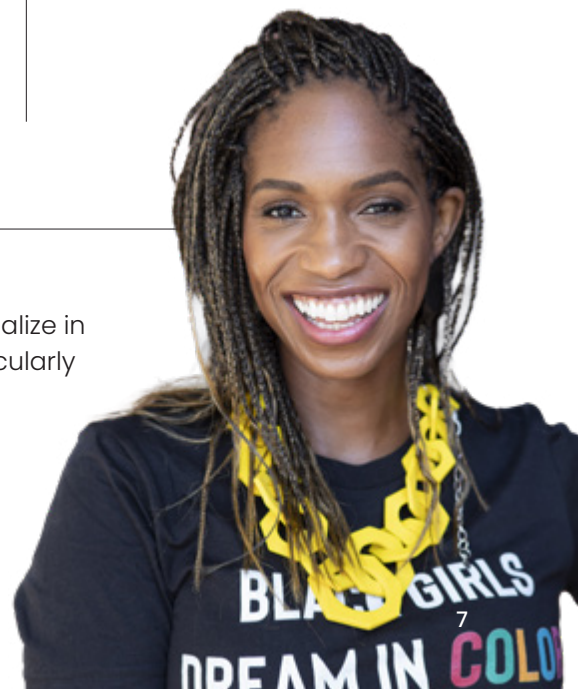


**At DHNY Connect, I had the opportunity to meet investors** who align with the mission of our organization and made intros to other strategic partners. It's exciting to be a part of the DHNY network.

**YINKA OJUTALAYO**  
CEO, **Health Haven Rx**

**I attended DHNY Connect in order to meet with more investors** that specialize in health tech. I found the questions asked during these meetings to be particularly thoughtful and intelligent, given the expertise of these investors.

**ALYSE DUNN**  
Founder & CEO, **CareCopilot**



# What's on the mind of digital health leaders

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We asked a range of digital health stakeholders to share current thinking when it comes to market trends, their business and investment insights.



**JULIAN  
FLANNERY**

Founder & CEO  
**Summus**

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Enhancing the provider experience and accelerating access to high quality care are two areas where digital health can make a meaningful difference. We founded Summus to restore human connection in healthcare by creating a proprietary marketplace model that empowers patients, families, caregivers and physicians to share and access high-quality specialty expertise virtually - across all health questions.



**SHAWN  
ELLIS**

Managing Partner  
**Distributed Ventures**

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A less competitive labor market and sustained inflationary environment will narrow the breadth of innovation digital health considered in employer and health plan contexts in the near term. Simultaneously, as the IPO market reopens, much venture and private capital that has been waiting on the sidelines will take action supporting winners within the market.



**CHRIS  
BOOKER**

Partner  
**Frist Cressey Ventures**

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When looking to expand our fund outside of Music City, New York City was the obvious choice. The people, the inspiring energy, and the entrepreneurial New York spirit made our decision easy. More importantly, the city has welcomed us with a familiar hospitality as we collectively explore ways to transform healthcare.



**LINDA  
MALEK**

Partner, Chair - Healthcare & Life Sciences Practice Group  
**Moses Singer**

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The use of artificial intelligence in healthcare is increasing dramatically and has garnered new scrutiny from federal regulators. The FDA and the FTC have recently issued guidance, expressing their expectations that companies will take measures to prevent bias and discrimination and will promote transparency in the use of AI. We should expect more regulation in the coming year in terms of how companies should structure their AI efforts.



**NIMA  
ROOHI**

Co-Founder & CEO  
**Blooming Health**

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A big change for the startup market is lower capital availability at the growth stage with more expectation around a path to profitability. Businesses at the earlier stage are trying to get their unit economics and business models right, before scaling it up, which in my view is a healthy correction.



# A Candid Conversation: Obesity as a Chronic Disease

**OBESITY HAS REACHED EPIDEMIC PROPORTIONS** in New York and across the nation, with nearly two-thirds of New York adults considered to have overweight or obese weight status. In light of the new treatment options for obesity, including GLP-1 drugs, managing the cost of care has become a major focus for employers, payers and individuals. We hosted a webinar over the summer to explore some of the most pressing issues related to obesity care and coverage. Hear what our experts had to say.

## EXPERTS



**MARK  
CUNNINGHAM-  
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Medical Director,  
**Northeast Business  
Group on Health**



**MAX KARPMAN,  
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**CHRISTINE  
GALLAGHER**  
Research Project  
Director,  
**STOP Obesity  
Alliance**



**KATHERINE  
SAUNDERS, MD**  
Co-Founder  
**Intellihealth**

## Q: How has the perception of obesity evolved over the past decade?

**KS:** Historically, there was this idea that obesity was a lifestyle problem or an issue of a lack of willpower, rather than a disease requiring medical intervention. There's been a paradigm shift. Many more people now acknowledge that obesity is a disease that is reasonable to treat medically.

**CG:** We're finally moving the needle away from folks saying that diet and exercise will solve this problem. We have other tools in the toolbox including the GLP-1 drugs. Employers, states, Medicaid and Medicare are beginning to look at what type of coverage should be available to their beneficiaries.

**MK:** We're having much more robust conversations with employers. I don't think a week goes by where I don't have an entrenched conversation with an HR team about covering obesity medications. And rightfully so: the members are asking about it.

**MCH:** While we've seen changes in perception of obesity, we still have a way to go before society and governments truly treat it as a disease. It's the biggest public health issue in the US and many other countries, but we're still not addressing many of its root causes.

### Q: What does optimal care look like?

**KS:** Lifestyle interventions like optimizing diet, physical activity and behavioral modification are crucial, but they aren't sufficient on their own for most people to lose a clinically significant amount of weight and keep it off. Medical treatments including anti-obesity medications (AOMs) and sometimes procedures are all part of the standard of care.

**CG:** As a first step toward standardizing obesity care, we put together a comprehensive obesity benefit based on evidence-based treatment. Before we published this, nothing existed to help health insurance companies determine what to offer their beneficiaries for obesity prevention, screening and treatment. We include guidance around intensive behavioral therapy,

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### Q: How are the new medications impacting obesity treatment?

**MK:** We saw a 90% increase in utilization of GLP-1s in the first half of 2023 compared to the same time period in 2022. We know from a clinical perspective that having access to the new medications is the right way to treat members, but we must think through the benefit in a fiscally responsible way.

**MCH:** Some employers are saying no to all these new GLP-1 drugs, which isn't really the solution. Given the prevalence of obesity, employers need to think differently about treatment, and start looking at benefit design to build in elements. The majority of employers want to add the right solutions that reduce barriers and promote access, but cost is still an issue.

**KS:** I agree the answer is not saying no to AOM coverage. Doing it appropriately means having the right guardrails in place, so the right patient receives the medication and there is a comprehensive care program around it. You must set people up for success by providing enough education and support.

**CG:** Over the next several years, we need to collect data to show employers, health plans and governments that covering these medications leads to a reduction in cost for other diseases that are related to obesity. They need to see data on return on investment.

## METHODOLOGY

Data was obtained from a variety of sources including but not limited to company representatives, press releases and HolonIQ, and covered the period from 01/01/2023 to 9/30/2023. A company was included if it (1) listed New York City as its corporate headquarters or an office with over 10 people; (2) the company received seed, angel, early-stage or late-stage funding of at least \$1M during the period 01/01/2023 to 9/30/2023; (3) the company was not publicly traded. Companies that won grant funding, prize money or acceptance into accelerators/incubators were not included in the analysis nor companies that received less than \$1M in total funding.

## 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@dhny.co](mailto:info@dhny.co) so that we can correct it.

## ABOUT DHNY

Digital Health New York (DHNY) is the premier network of CEOs, founders, investors, payers and providers driving New York's healthcare ecosystem. DHNY works to increase the visibility of New York as a leader in healthcare innovation, showcases the organizations and leaders creating the future of healthcare, and brings people together to share ideas, spark new directions and create success. For more information, visit [www.dhny.co](http://www.dhny.co).

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