

WSJ PRO VENTURE CAPITAL

WSJ Pro

VC Daily: Medical Investors, Executives Eye Election With Priorities in Mind

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Good day. As votes are being counted in the presidential election, health-care venture capitalists and entrepreneurs are hoping some of their top priorities will win support regardless of who wins.

Josh Makower, a general partner with New Enterprise Associates, said he hopes a proposal to speed up Medicare coverage of breakthrough medical devices—formed in response to an October 2019 executive order by President Trump—won't be affected by the outcome. Improving access to new medical technologies is something both parties have supported. "This issue in particular I don't think cuts along party lines," he said.

Some health-care issues will be difficult for either candidate to tackle.

Robin Berzin, founder and chief executive of Parsley Health, which treats patients with chronic conditions, said there is so much inertia in health-care policy that she is not too optimistic about fast change regardless of the election results.

As a telehealth provider, one of the concerns for Dr. Berzin now is that insurance companies might push back on paying the same amount for telehealth visits as for in-person visits, something that became standard during the pandemic. "And yet we can't go backwards," Dr. Berzin said.

And now on to the news...

Top News

Medical-device reimbursement. A plan to speed Medicare coverage for breakthrough medical devices will spur more venture capitalists to take risks on novel but potentially game-changing disease treatments, industry watchers say.

* Medical devices often gain U.S. Food and Drug Administration approval years before they secure coverage from Medicare and commercial insurers. That makes marketing a novel device difficult, and has discouraged venture investment.

* A Medicare proposal would provide four years of national Medicare coverage to devices the FDA deems to be breakthrough products. This would give device companies time to gather evidence needed to secure permanent coverage.

* Companies would still need commercial insurance coverage if their device targets people under age 65, when they typically qualify for Medicare. But the Medicare proposal if enacted would likely encourage investors to bet on more novel medical devices that can't travel a well-established path to securing reimbursement.

\$7.22 Billion

The amount of venture capital medical-device companies raised in 2019, which accounted for 5.45% of all venture deals that year, according to the National Venture Capital Association.

California Voters Support Internet Privacy Rules, Bolstering State Law

California voters approved a measure aimed at tightening internet privacy rules and fortifying the state's landmark privacy law that went into effect this year, WSJ reports.

* Proposition 24 will create a state agency to enforce internet-privacy regulations, while attempting to tighten some of the loopholes found in the existing law.

* Given California's size and influence, the measure has the potential to set a national standard if other states follow suit. The ballot initiative passed despite criticism that its effect will only marginally be felt by the industry it is aimed to govern.

AstraZeneca Expects Covid-19 Vaccine Trial Results This Year

AstraZeneca said late-stage trials for the Covid-19 vaccine it is developing with the University of Oxford are on track to produce results "later this year," with a potential rollout soon after, subject to regulatory approval.

Infections rise. The drugmaker's progress comes amid rising global infections. The U.S. recorded more than 100,000 daily new cases for the first time, according to data compiled by Johns Hopkins University.

Masks in short supply. A surge of Covid-19 cases and stockpiling of N95 masks in much of the country have put fresh strains on the supply of critical protective gear, manufacturers and health officials say, WSJ reports. While the national supply of protective equipment has improved since the first months of the pandemic, levels at some health-care facilities remain well below what regulators recommend.

Industry News

Funds

Fountain Healthcare Partners held the final close on its third fund with €125 million (\$146 million) in commitments, exceeding the original target of €100 million. The Dublin- and New York-based firm also added Kyowa Kirin Co. as a new investor. Fountain Healthcare Partners Fund III LP will make up to 10 investments in primarily Europe- and U.S.-based specialty pharmaceuticals, biotechnology and medical device startups. So far, the fund has backed chronic lower back pain treatment developer Mainstay Medical, sepsis treatment developer Inotrem and leukemia drug startup Priothera.

People

American Injectables Inc., a sterile injectables manufacturer, hired Benjamin Boling as the company's chief operating officer. He was previously COO at Bio-Concept Laboratories. In September, American Injectables raised a \$10 million Series A round from New Rhein Healthcare Investors.

Exits

Swedish medtech company OssDsign acquired Sirakoss, a Scottish developer of a nanosynthetic bone graft substitute to facilitate bone repair, for \$11 million in cash plus milestone and royalty payments. Sirakoss was backed by investors including Epidarex Capital.

Sana Biotechnology Inc., which creates and delivers engineered cells as medicines, acquired Oscine Corp., a developer of cell therapies for diseases of the brain and central nervous system. Terms weren't disclosed. In June, Sana raised an initial funding round of \$700 million. The company's investors include ARCH Venture Partners, Flagship Pioneering, F-Prime Capital, Bezos Expeditions, GV, Omega Funds and Altitude Life Science Ventures.

New Money

CARsgen Therapeutics Holdings Ltd., a Shanghai-based cancer treatment developer, scored \$186 million in Series C funding. Loyal Valley Capital led the round, which included support from South China Venture Capital, Lilly Asia Ventures, Shiyu Capital and Summer Capital.

Shoulder Innovations, a shoulder replacement implant system provider, completed a \$21.6 million Series C round. U.S. Venture Partners and Lightstone Ventures led the funding, with additional support from Alumni Venture Partners, Wakestream Ventures and others. Casey Tansey of USVP and Mike Carusi of Lightstone Ventures will join the company's board.

Human API, a San Mateo, Calif.-based startup that enables consumers to share electronic health data with companies, raised more than \$20 million in Series C funding. New investors Samsung Ventures, CNO Financial Group, Allianz Life Ventures and Moneta VC participated in the round, along with existing backers BlueRun Ventures, SCOR Life and Health Ventures and Guardian Life Insurance Co.

Sidekick Health, a Reykjavik-based gamified digital therapeutics startup, closed a \$20 million Series A round. **Wellington** Partners and **Asabys** Partners led the investment, which included participation from Novator and Frumtak Ventures. Regina Hodits of **Wellington** and Josep Ll. Sanfeliu of **Asabys** will join the board.

Koa Health, a Dutch digital mental health-care provider, has spun out of Telefonica and picked up \$16.5 million toward a Series A round that aims to bring in more than \$35 million. Ancora Finance Group and **Wellington** Partners led the investment.

One Health Company, a Palo Alto, Calif.-based startup working on canine cancer therapeutics, secured \$10 million in new funding from Polaris Partners, Borealis Ventures, Andreessen Horowitz, Lerer Hippeau, Y Combinator and Tau Ventures.

Nurami Medical, an Israeli medical device company focused on the healing of soft tissues following surgery, landed up to \$6 million in funding. Almeda Ventures led the round, and was joined by Glenrock.

Massive Bio Inc., a New York-based provider of clinical trial access to cancer patients, snagged a \$2.6 million investment. Revo Capital led the round, with participation from Cavendish Impact Foundation.

More Health News

- * Biogen surges on promising Alzheimer's drug assessment
- * Severe Covid-19 cases leave lasting effects, including on mental state
- * Covid-19 temperature scanners have accuracy issues, security industry says

Around the Web

- * Potential link between pollution levels and Covid-19 death risk (Stat News)
- * Biden win, Republican Senate might lead to gridlock on health issues (Kaiser Health News)
- * Allogene's first clinical data for off-the-shelf myeloma CAR-T clouded by patient death (Fierce Biotech)

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