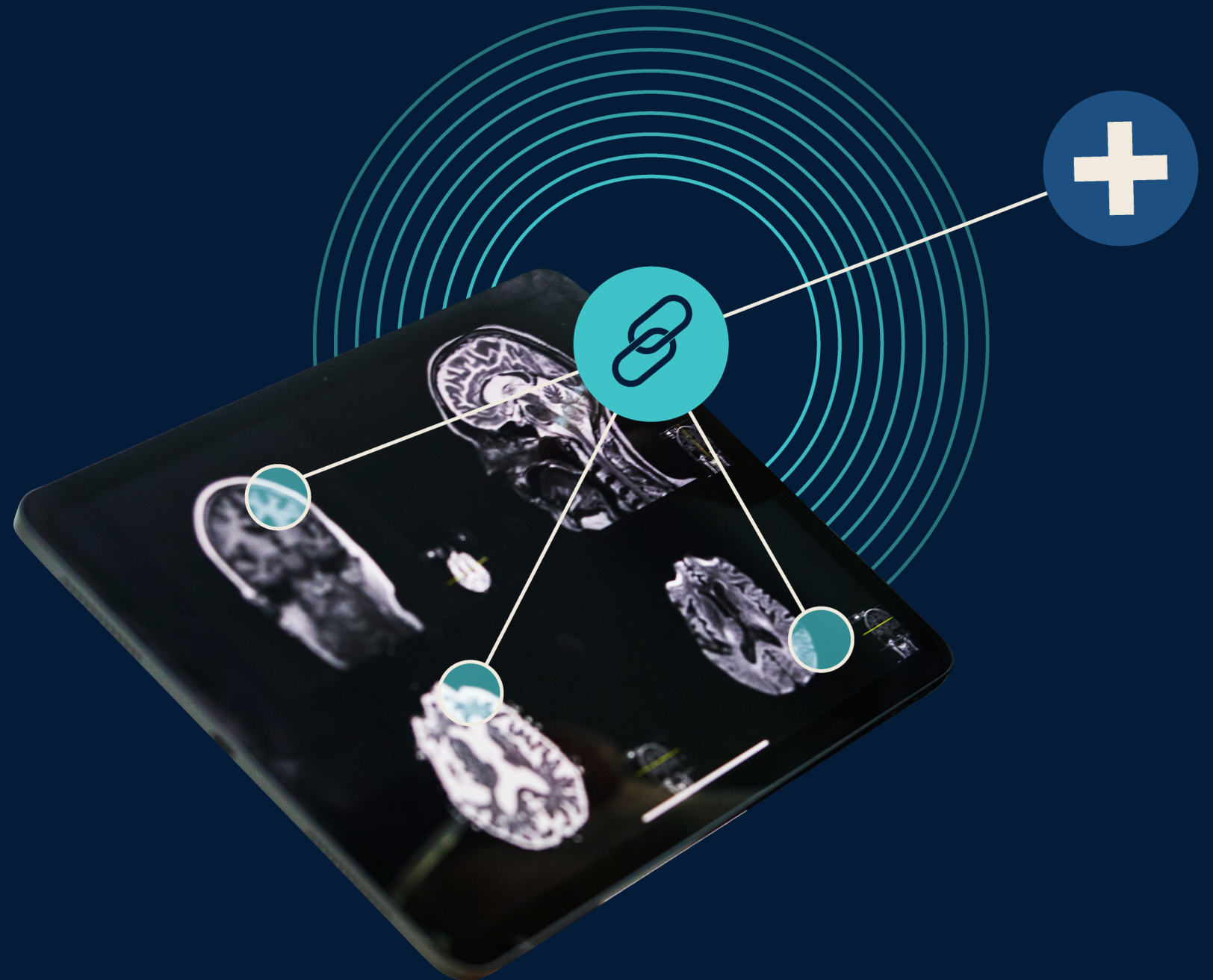




EMERGING TECH RESEARCH

# Healthcare IT Report

VC and PE trends and emerging opportunities



**Q4**  
2023

## REPORT PREVIEW

The full report is available through the PitchBook Platform.



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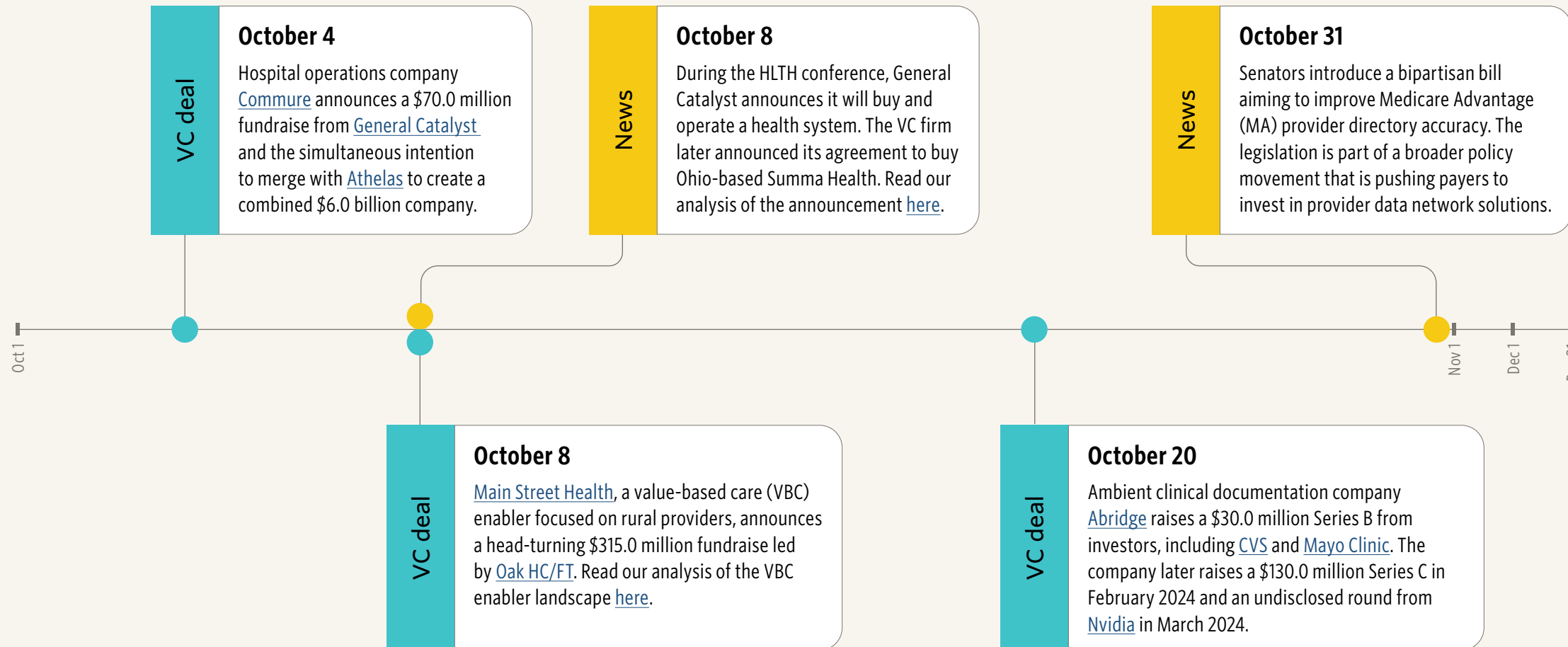
### Publishing

Report designed by **Megan Woodard, Joey Schaffer,** and **Chloe Ladwig**

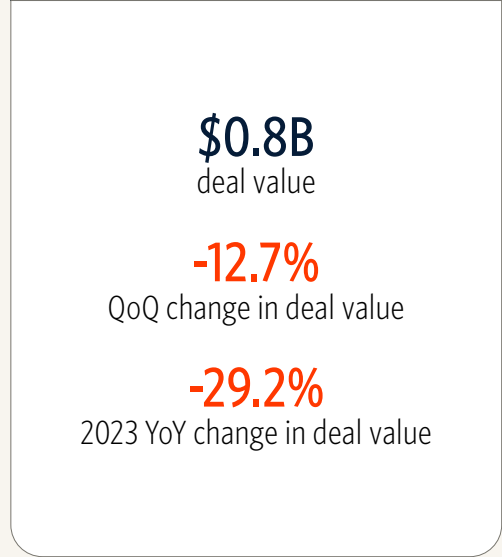
Published on March 27, 2024



# Q4 2023 timeline



## Q4 VC deal value summary



## Q4 PE deal count summary





# Healthcare IT landscape

- 1** Electronic health records & clinical information
- 2** Revenue cycle
- 3** Operations
- 4** Analytics
- 5** Infrastructure & compliance





# Healthcare IT VC ecosystem market map

This market map is an overview of venture-backed or growth-stage companies that have received venture capital or other notable private investments. [Click to view the full map on the PitchBook Platform.](#)

## 1 Electronic health records (EHRs) & clinical information

Generalist EHRs & enterprise systems



Vertical EHRs & enterprise systems

Picture archiving & communication system (PACS), radiology information system (RIS) & clinical image workflows



Laboratory information system (LIS) & laboratory workflows



Clinical documentation



Care coordination & referrals



Care team communication

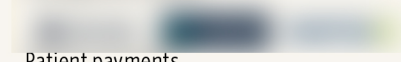


Remote patient monitoring (RPM) software



## 2 Revenue cycle

End-to-end revenue cycle management (RCM)



Patient payments



Billing & coding



Revenue optimization



Payment integrity



Payer workflow tools



## 4 Analytics

Population health & risk analysis



VBC enablement



Clinical decision support



Prescription optimization



Outcomes measurement



Multifunctional analytics



## 3 Operations

Practice management



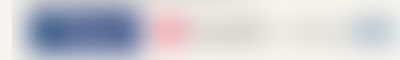
Patient & member engagement



Scheduling & intake



Telemedicine enablement



Surgery operations



Workforce management



Resource management & procurement



Pharmacy & medication management



Provider education & improvement



## 5 Infrastructure & compliance

Directories, credentialing & networks



Security, identity & access



Cloud & software platforms



Data ecosystem



Process automation



Governance, risk & compliance (GRC) & quality assurance





# Healthcare IT PE ecosystem market map

This market map is an overview of private equity-backed companies in each segment that are currently active in PE portfolios. [Click to view the full map on the PitchBook Platform.](#)

## 1 EHRs & clinical information

Generalist EHRs & enterprise systems



Vertical EHRs & enterprise systems



PACS, RIS & clinical image workflows



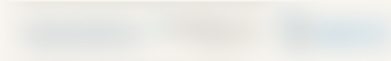
LIS & laboratory workflows



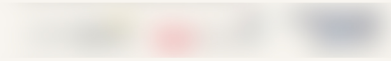
Clinical documentation



Care coordination & referrals



Care team communication

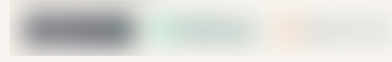


RPM software



## 2 Revenue cycle

End-to-end RCM



Patient payments



Billing & coding



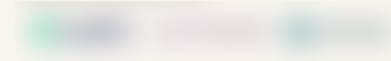
Revenue optimization



Payment integrity

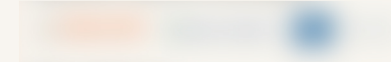


Payer workflow tools

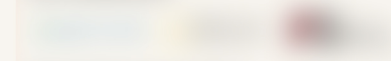


## 4 Analytics

Population health & risk analysis



VBC enablement



Clinical decision support



Prescription optimization



Outcomes measurement



Multifunctional analytics

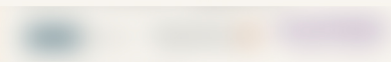


## 3 Operations

Practice management



Patient & member engagement



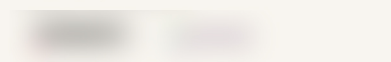
Scheduling & intake



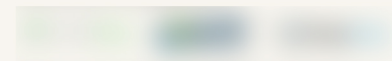
Telemedicine enablement



Surgery operations



Workforce management



Resource management & procurement



Pharmacy & medication management

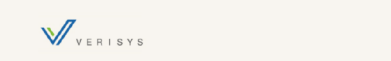


Provider education & improvement



## 5 Infrastructure & compliance

Directories, credentialing & networks



Security, identity & access

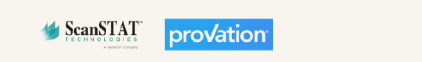


Cloud & software platforms

Data ecosystem



Process automation



GRC & quality assurance



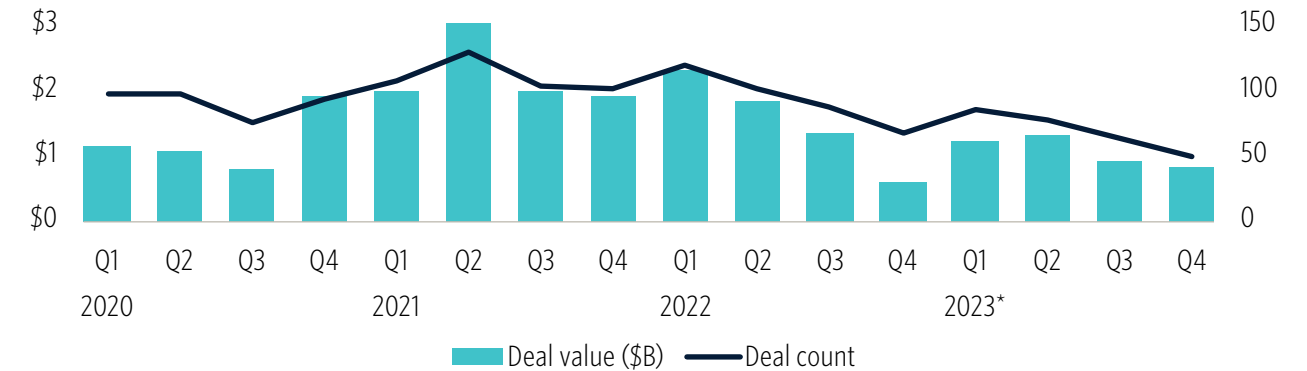


# VC and PE activity

Healthcare IT companies raised \$811.0 million cumulatively in VC funding across 50 deals in Q4 2023, representing a 12.7% decline in deal value and a 21.9% decrease in deal count QoQ. Annual VC deal value for healthcare IT decreased by 29.2% YoY. By far, the quarter's largest VC deal was the [Oak HC/FT](#)-led \$315.0 million fundraise by VBC enabler [Main Street Health](#). Led by former Centers for Medicare & Medicaid Services (CMS) Deputy Administrator Brad Smith, [Main Street](#) focuses exclusively on enabling rural healthcare providers to transition to value-based MA contracts. We reviewed the VBC enabler landscape in detail [in a recent note](#). Other noteworthy fundraises included a \$30.0 million Series B for ambient clinical documentation company [Abridge](#) and a \$19.7 billion Series B for remote patient monitoring platform [Optimize Health](#). Finally, [General Catalyst](#) invested \$70.0 million in clinical operations platform [Commure](#). At the same time, [Commure](#) merged with workflow automation company [Athelas](#), valuing the combined company at \$6.0 billion. In VC exits, [The Cigna Group's Evernorth](#) care delivery division acquired [B Capital Group](#) and [Concord Health Partners](#)-backed [Bright.md's](#) asynchronous care business line. The remainder of the [Bright.md](#) business was sold to [98point6](#) in January 2024.

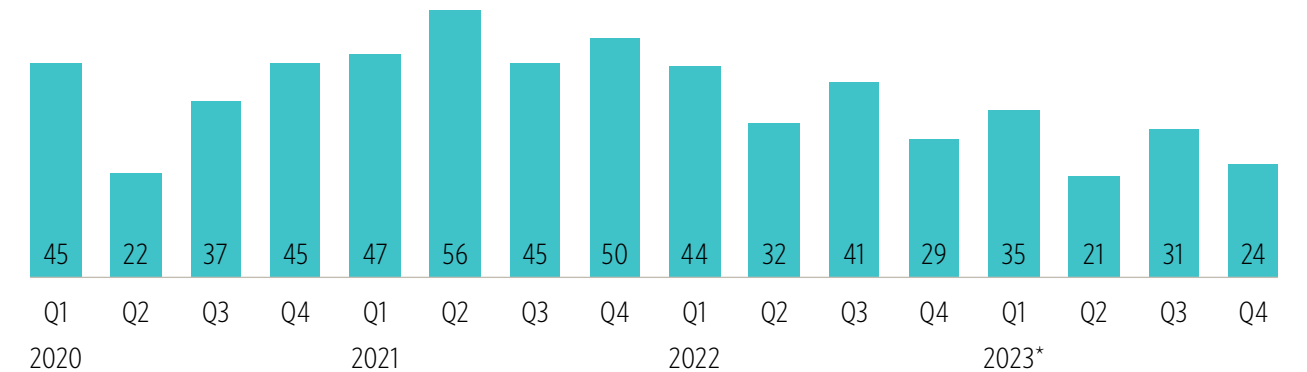
PE investors announced or closed 24 healthcare IT software deals in Q4 2023, down 22.6% from Q3 but roughly flat with the average pace of deal activity throughout 2023. PE healthcare IT deal activity decreased by 24.0% YoY in 2023. Other than the close of [Thoma Bravo's](#) take-private of [NextGen Healthcare](#), there were no large PE deals or exits in Q4 2023, and the quarter was dominated by small to medium-size platform combinations such as patient engagement content vendor [pCare's](#) sale to [Uniguest](#) and third-party administrator [CHCS Services'](#) acquisition of home care claims platform [AssuriCare](#). However, as described earlier in this report, several larger exits are either in progress or were announced in Q1 2024, suggesting that activity may pick back up in 2024.

## Healthcare IT VC deal activity by quarter



Source: PitchBook • Geography: Global • \*As of December 31, 2023

## Healthcare IT PE deal count by quarter



Source: PitchBook • Geography: Global • \*As of December 31, 2023



## VC AND PE ACTIVITY

### Key healthcare IT early-stage VC deals in Q4 2023\*

Company	Close date	Category	Deal value (\$M)	Deal type	Lead investor(s)
<a href="#">Arbital Health</a>	December 19	VBC enablement	\$10.0	Series A	Transformation Capital
<a href="#">Curve Health</a>	December 18	Telemedicine enablement	\$3.9	Series A1	N/A
<a href="#">RepeatMD</a>	November 27	Patient & member engagement	\$50.0	Series A	N/A
<a href="#">Coverself</a>	November 14	Payment integrity	\$8.2	N/A	3one4 Capital, BEENEXT Capital Management
<a href="#">Eleos Health</a>	November 8	Clinical documentation	\$40.0	Series B	Menlo Ventures
<a href="#">Scitara</a>	November 3	LIS & laboratory workflows	\$8.5	Series B	N/A
<a href="#">Free Market Health</a>	November 1	Care coordination & referrals	\$20.0	Series B	Questa Capital
<a href="#">Main Street Health</a>	October 8	VBC enablement	\$315.0	N/A	Oak HC/FT
<a href="#">Rhino Health</a>	October 4	Data ecosystem	\$4.3	N/A	N/A
<a href="#">Plenful</a>	October 3	Process automation	\$8.0	N/A	Bessemer Venture Partners

Source: PitchBook • Geography: Global • \*As of December 31, 2023





## VC AND PE ACTIVITY

### Key healthcare IT late-stage VC and venture-growth deals in Q4 2023\*

Company	Close date	Category	Deal value (\$M)	Deal type	Lead investor(s)
<a href="#">PayGround</a>	November 28	Patient payments	\$19.7	Series A	SixThirty Ventures
<a href="#">doctorly</a>	November 9	Generalist EHRs & enterprise systems	\$17.6	Series A	Horizons Ventures, Simon Capital, WELL Health Technologies
<a href="#">Covera Health</a>	November 1	Provider education & improvement	\$50.0	Series C	Insight Partners
<a href="#">AristaMD</a>	November 1	Telemedicine enablement	\$16.5	Series C	N/A
<a href="#">AdaptX</a>	November 1	Provider education & improvement	\$10.0	Series A2	Cercano Management
<a href="#">AITRICS</a>	October 22	Population health & risk analysis	\$11.4	Series B	N/A
<a href="#">Abridge</a>	October 20	Clinical documentation	\$30.0	Series B	Spark Capital
<a href="#">Commure</a>	October 13	Cloud & software platforms	\$70.0	N/A	N/A
<a href="#">Optimize Health</a>	October 10	RPM software	\$18.0	Series B	Escalate Capital Partners, Foundry Group
<a href="#">Micin</a>	October 5	Patient & member engagement	\$27.3	Series C	N/A

Source: PitchBook • Geography: Global • \*As of December 31, 2023



## SELECT COMPANY HIGHLIGHTS: COHERE HEALTH



Prior authorization startup [Cohere Health](#) has become one of the hottest payer tech companies by aligning payer and provider incentives and pushing this alignment into provider organization workstreams. Lead by co-founder and CEO Siva Namasivayam, a seasoned healthcare IT executive, the company closed a \$50.0 million Series B1/B2 in January 2024 at a \$240.0 million post-money valuation.

Prior authorization, which we wrote about in depth in our [Q1 2023 Healthcare IT Report](#), represents a significant administrative and patient experience pain point for healthcare providers and a growing area of regulatory scrutiny for payers. For a broader view of the competitive landscape where [Cohere](#) sits, see the “Improving cost containment workflows” section earlier in this report. Prior authorization requests are submitted primarily via online portals and reviewed manually by payers, even though the vast majority of requests are routine or even unnecessary. [Cohere](#) ingests and digitizes all prior authorization requests and supporting materials, then applies rules-based AI to automatically approve around 85% of all requests based on industry-standard medical guidelines and a payer’s own policies. The remaining 15% of requests are sent for manual review. Additionally, for episodic care, [Cohere’s](#) technology suggests care pathways that the payer will preapprove. This aligns payer, provider, and patient incentives by removing friction for providers if they follow established best-practice protocols.

### Key company information

**Founded**  
2019

**Headquarters**  
Boston, MA

**Employees**  
700

**Lead investor**  
Deerfield Management

### Financing history

#### Series A

**September 11, 2020**

**Total raised**  
\$20.0M

**Post-money valuation**  
N/A

**Lead investors**  
Define Ventures,  
Flare Capital Partners

#### Series B

**July 19, 2022**

**Total raised**  
\$36.0M

**Post-money valuation**  
N/A

**Lead investor**  
Polaris Partners

#### Series B1/B2

**January 26, 2024**

**Total raised**  
\$50.0M

**Post-money valuation**  
\$240.0M

**Lead investor**  
Deerfield Management



## SELECT COMPANY HIGHLIGHTS: COHERE HEALTH

[Cohere](#) has two business models: a full-service prior authorization solution and a platform-as-a-service (PaaS) product. Of [Cohere's](#) two largest early clients, [Humana](#) primarily uses the outsourced product, while [Geisinger](#) uses the SaaS product. The company intends to keep supporting both models going forward in order to meet its customers' unique needs.

The use of AI by payers has been the subject of intense scrutiny in recent months: Both [UnitedHealthcare](#) and [Cigna](#) have been named in lawsuits alleging that they used automation to improperly deny claims. Health plans are simultaneously concerned about ensuring that their vendors use AI responsibly and are under pressure to improve efficiency and reduce costs. [Cohere](#) has continued to grow in this environment by drawing hard lines around the use of AI—the company does not deny prior authorization requests using AI—and by prioritizing transparent and responsible AI deployment. [Cohere](#) is also dedicating significant research & development resources toward utilizing LLMs to improve efficiency, particularly within its outsourced solution, such as by having LLMs assist with explanation letter generation and file summaries to support manual review.

## Strategic direction and financials

[Cohere](#) currently has five payer clients and expects to have nine clients representing 20 million lives by the end of Q2 2024. The company expects to be cash flow positive by the end of 2024, and its revenue doubled both from 2021 to 2022 and from 2022 to 2023. Its recent fundraise will be used to scale up to meet this demand as well as to invest in research & development. The company expects to raise a Series C by the end of 2024 to fuel further growth. [Cohere](#) is actively strategizing to expand its client base beyond traditional payers into payviders, VBC enablers, and other risk-bearing entities, as well as digital care management companies in both the government and commercial markets. The company's product expansion goals focus on helping clients track and structure episodes of care.

# About PitchBook Industry and Technology Research

## Independent, objective, and timely market intel

As the private markets continue to grow in complexity and competition, it's essential for investors to understand the industries, sectors, and companies driving the asset class.

Our Industry and Technology Research provides detailed analysis of nascent tech sectors so you can better navigate the changing markets you operate in—and pursue new opportunities with confidence.

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