

THIS WEEK



Health system venture funds place their bets on innovation

With ever-increasing frequency, hospitals and health systems are establishing or expanding venture funds in search of the next startup that could revolutionize health care. Consider some recent transactions.

Becker's Health IT recently [reported](#) that Kaiser Permanente Ventures joined the \$160 million funding round for Freenome, a blood-test startup focused on early cancer detection. In June, Atrium Health, Cleveland Clinic and the California-based MemorialCare Innovation fund invested \$3 million in Xealth (an integrated digital prescribing and analytics platform) to complete its \$14 million round of Series A financing, along with investments from Providence St. Joseph Health, UPMC, Froedtert and the Medical College of Wisconsin. A month earlier, Iowa-based UnityPoint Health launched a \$100 million venture fund to focus on early-stage growth companies in digital health, medical device, therapeutic spaces and health care services.

This is no recent phenomenon, as [Health Affairs](#) pointed out earlier this year. It noted that between 2010 and 2017, the value of investments in digital health alone increased by 858%, with more than \$41.5 billion invested in the sector this decade. In addition, venture capital is