

## HEALTH CARE

BEN FISCHER covers health care, insurance and hospitals



JOANNE S. LAWTON / STAFF

Jim Oakes of Health Care Information Consultants and April Young of Hercules Technology Growth Capital are teaming up with others in health care technology to discuss a potential incubator and investment fund for new industry startups.

# Get a healthy start

## GROUP EYES NEW HEALTH CARE INCUBATOR, INVESTMENT FUND

A group of health care, technology and business development experts are testing the waters around launching a business incubator and investment fund dedicated solely to health care technology services.

The group believes the Washington market could sustain an equivalent to The Entrepreneur Center, an incubator in Nashville, Tenn., that's spun off more than 50 health care companies.

The key selling point for the Nashville group: The incubator includes a \$100 million-plus investment fund backed by six major for-profit hospital funds acting as both investors and customers.

"This is still more of a gleam in our eye than a well-thought-out plan, but that's changing," said Jim Oakes, a principal at Health Care Information Consultants LLC.

Oakes is a member of HealthTech-Net, a club of professionals that meets monthly to discuss health technology trends at the offices of Nelson, Mullins, Riley & Scarborough LLP or Teqcorner.

### TEAM MEMBERS

- ▶ **Brian Canann**, NaviMed Capital
- ▶ **Edward Caputo**, CGI Federal
- ▶ **Phil Cooke**, Telesis Partners
- ▶ **Taylor Devine**, The CDI Group
- ▶ **Myra Fitzwater**, Teqcorner
- ▶ **David Hall**, Utlely Solutions
- ▶ **Deanne Kasim**, Santesys Solutions
- ▶ **David Main**, Nelson Mullins
- ▶ **Jim Oakes**, Health Care Information Consultants
- ▶ **Klaus Schafer**, Touchstone Associates
- ▶ **April Young**, Hercules Technology

They heard a presentation from the Nashville program in May and went to work mapping out a plan to do the same.

For a first step, they're planning an "Investor Day" for the spring, when they can bring together entrepreneurs and possible partners for informal talks. They've also had preliminary discussions with local hospital systems, though Oakes characterized those as unofficial. He said the group will approach George

Mason University about playing a role.

April Young, managing director at Hercules Technology Growth Capital in Tysons Corner, says the jury's still out on whether the region's hospital systems will want to participate.

Washington-area entrepreneurs in the life sciences and biotechnology space have a fair bit of support from incubators, investors and other startup service providers, Young said. But there's relatively little attention paid to startups that use technology and analytics to make hospitals, insurance plans or doctors offices more efficient, she said.

Four hospital systems here eclipse \$1 billion in annual revenues and are trying to find new revenue streams and develop intellectual property. On the other hand, the region's hospital systems are mostly nonprofit, unlike in Nashville.

"I don't know if they have the luxury of taking \$20 million out of their coffers and investing it in a highly speculative undertaking," Young said.

### ▶ THE BIG NUMBER

## \$4.2 million

The total federal fine that Specialty Hospitals of America LLC, already facing a financial crisis, has agreed to pay to settle allegations that its District subsidiary overbilled Medicare.