

SonarMD Raises \$10 Million in Series A Financing

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Prominent healthcare investors Blue Cross Blue Shield Venture Partners and Arboretum Ventures to accelerate complex care management group

CHICAGO— [SonarMD](#), a company focused on efficiently managing complex patients, just received \$10 million in funding through a joint investment from [BCBS Venture Partners](#) and [Arboretum Ventures](#).

SonarMD partners with payer organizations and specialist groups to improve care for “high beta” patients — those with high variability in clinical outcomes as well as cost, and who are typically treated with expensive drugs. To SonarMD, this variability represents large potential to optimize, both in terms of providing better care and doing so cost effectively. SonarMD’s strategy involves rewiring incentives within specialty practices so that specialists — those with the greatest clinical knowledge and closest relationships to the patients — are better equipped and motivated to engage in value-based care. Payers provide the financial incentive, and SonarMD provides the care management and patient engagement tools needed to transform clinical practice. The result is more holistic, preventive care, fewer costly adverse events, more judicious use of expensive treatments like specialty pharmacy medications, and healthier patients.

“We see great promise in this model,” said Anna Haghgoorie, managing director of Sandbox Industries, on behalf of BlueCross BlueShield Venture Partners. “Although SonarMD is starting with inflammatory bowel disease in GI practices, their strategy could easily expand into a number of other ‘high beta’ specialty areas where there’s room to improve on care, cost, and outcomes.”

The funding will help SonarMD acquire key new team members who can help channel their current traction into more growth and expansion. The group is currently led by its Founder and CMO Larry Kosinski, MD, a gastroenterologist, and CEO Devin Gross, who signed on in August of this year. Gross previously headed patient engagement company Emmi Solutions, leading it through seven years of rapid growth into an acquisition. “I’m truly excited to be a part of this group,” said Gross. “We’re focusing on an area no one is paying much attention to right now, and there’s so much opportunity to make things better for all parties.”

Changing clinical practice isn’t easy, but SonarMD has already shown its model can work. “Getting the specialists on board is crucial,” said Dr. Kosinski. “They’re the key players in this space, and when they’re properly set up to support value-based care, that’s when the tides will shift.”

“Arboretum is very excited to co-lead the investment in SonarMD,” said Tom Shehab, MD, managing partner of Arboretum Ventures and a gastroenterologist. “SonarMD is in a unique position to improve the quality and cost of care for patients with chronic disease. Current care delivery systems are too often fragmented, and that hurts patient experience and outcomes. It’s encouraging that SonarMD’s model relies on strengthening the patient-provider relationship and maintaining continuity of care to improve the overall outcome.”

About SonarMD

SonarMD manages patients with conditions that have high variability in both cost and clinical outcomes. Currently deployed in patients with inflammatory bowel disease, the model is conducive to expansion in other chronic disease states with high variability. Through sophisticated patient engagement, targeted care management and specialty pharmacy optimization, SonarMD drives down costs and improves patient outcomes. SonarMD contracts with payers to manage this population of patients and works with existing in-network providers. For payers, it provides a holistic perspective on managing medical and drug costs for these patients. For providers, it provides the tools and resources needed to better engage and manage patients in a value-based care model and share in the cost savings. For more information, visit www.sonarmd.com.

About Arboretum Ventures

Arboretum Ventures is a venture capital firm specializing in the healthcare sector. Founded in 2002, the firm manages \$450 million across four investment funds. The investment team targets capital-efficient companies that can meaningfully reduce healthcare costs and improve efficiency in focus areas of medical devices, diagnostics,

healthcare IT and healthcare services. Arboretum is headquartered in Ann Arbor, Michigan. More information is available at www.arboretumvc.com.

About BlueCross BlueShield Venture Partners

BlueCross BlueShield Venture Partners, L.P. is a corporate venture fund licensed by the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield companies. The fund invests in promising emerging companies of strategic relevance to Blue Cross and Blue Shield Plans. Sandbox Industries is the exclusive provider of investment management services to BlueCross BlueShield Venture Partners. For more information, visit www.bcbsvp.com.

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