

Heritage Group Closes Healthcare Innovation Fund at \$157 Million and Announces First Two Investments

The Associated Press

NASHVILLE, Tenn.--(BUSINESS WIRE)--Jun 4, 2012-- Heritage Group announced today the official closing of the Heritage Healthcare Innovation Fund L.P. at \$157 million, as well as consummation of its first two investments. The strategic fund was launched in January 2011, to identify and invest in businesses that create value in the delivery of healthcare services.

"The Fund's mix of limited partners, which include some of the nation's leading hospital systems and healthcare companies across many sectors, reflects where healthcare is headed: towards a more collaborative approach to the delivery of care," said Paul Wallace, Heritage Group Managing Director.

These strategic limited partners, in addition to their capital, provide unique origination and evaluation contacts, as well as the potential for commercial benefits to portfolio companies.

Additional Limited Partners Since its initial closing last year, the Fund has added four new limited partners: -- Amedisys, Inc. -one of the nation's largest home health and hospice care companies -- Cardinal Health, Inc. - a Fortune 50 distributor of pharmaceuticals and medical products -- Health Care Service Corporation -the nation's fourth largest health insurance company, operating the Blue Cross and Blue Shield plans in Illinois, New Mexico, Oklahoma and Texas -- Memorial Hermann Healthcare System -the largest not-for-profit healthcare system in Texas These organizations join prior strategic investors: Community Health Systems, Iowa Health System, LifePoint Hospitals, Trinity Health and Vanguard Health Systems.

"With healthcare reform driving towards the three pillars of access, quality and cost, leaders from all sectors of the industry are recognizing that we need new, creative solutions," said Mark Blake, EVP Strategy and Corporate Development, Cardinal Health. "What attracted us to the Fund was the philosophy that collaboration is the key to innovation. Heritage has brought together a powerful ecosystem of providers, service companies and entrepreneurs and helped to organize us around the toughest challenges. We're already seeing the strategic benefits of the network." **First-Round Investment Companies** Since the Fund's launch, Heritage Group has evaluated investment opportunities in more than 450 companies from various sectors of the healthcare industry, including value-based reimbursement models, provider software systems, consumer health, remote monitoring, tele-health, data management and analytics, and provider alignment strategies. Heritage Group has focused on technology-enabled services, which represent more than 90 percent of all the companies evaluated.

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Published on Medical Design Technology (<http://www.mdtmag.com>)

The Fund's initial portfolio company is San Diego-based Awarepoint Corporation. Awarepoint provides real-time location system (RTLS) solutions that allow health systems to track medical equipment, patients and personnel enterprise-wide to optimize healthcare workflow and improve patient care while decreasing costs. Heritage invested alongside Cardinal Partners, JAFCO, Kleiner Perkins and Venrock and will have representation on the company's board of directors.

The Fund has also made an investment in Explorys, a Cleveland-based provider of big-data management solutions. Originally inspired at the Cleveland Clinic, the Explorys technology provides cloud-based data mining and advanced analytics, enabling provider systems to better understand their patient populations to reduce costs, provide higher quality care and improve patient outcomes. Heritage invested alongside Austin Ventures, Foundation Medical Partners and Santé Ventures and will have representation on the company's board of directors.

A Unique Investment Structure The Heritage Healthcare Innovation Fund is built on a unique structure that engages representation from its limited partners in the origination, evaluation and funding of innovative healthcare companies. To facilitate that engagement, the Fund has four Advisory Committees (clinical, technology, finance & operations) which provide strategic direction based on their individual objectives. This collaborative interaction creates significant value for the Fund and the prospective portfolio companies.

The Heritage Healthcare Innovation Fund was developed to: -- Identify and finance innovative businesses that deliver improved quality, service and efficiency for healthcare delivery; -- Develop "purpose-built" companies specifically focused on solving problems that are identified by the investors, particularly issues driven by healthcare reform; -- Allow the investors the opportunity to benefit from the commercialization of innovative solutions they have developed internally through the development and launch of new companies; and -- Make individual investments of up to \$15 million in early and growth-stage healthcare businesses.

"For Amedisys, the Fund offers us a way to collaborate with the broader industry marketplace and search for solutions that address specific challenges we are all facing," said Amedisys Chief Executive Officer Bill Borne.

Businesses interested in benefiting from the Fund should visit www.heritagegroupusa.com for more information.

About Heritage Group Heritage Group is a unique venture capital firm with a track record of investing in, operating and advising innovative industry leading healthcare companies. Heritage Group serves as the general partner of the Heritage Healthcare Innovation Fund which closed in 2012 with \$157M of committed capital from strategic limited partners including some of the nation's leading hospital, health systems and healthcare companies. For more information, go to www.heritagegroupusa.com.

Amedisys Amedisys, Inc. is a leading healthcare company focused on bringing home the continuum of care. Amedisys delivers personalized healthcare services to

patients and their families in the comfort of patients' homes. Amedisys care teams delivered 11 million patient care visits in 2011. Amedisys has two divisions, home healthcare and hospice. The Company's state-of-the-art advanced chronic care management programs and leading-edge technology enables it to deliver quality care based upon the latest evidence-based best practices. The company was founded in 1982 and is headquartered in Baton Rouge, LA. More information can be found at www.amedisys.com Cardinal Health Headquartered in Dublin, Ohio, Cardinal Health, Inc. is a \$103 billion healthcare services company that improves the cost-effectiveness of healthcare. As the business behind healthcare, Cardinal Health helps pharmacies, hospitals, ambulatory surgery centers and physician offices focus on patient care while reducing costs, enhancing efficiency and improving quality. Cardinal Health is an essential link in the healthcare supply chain, providing pharmaceuticals and medical products to more than 60,000 locations each day. The company is also a leading manufacturer of medical and surgical products, including gloves, surgical apparel and fluid management products. In addition, the company supports the growing diagnostic industry by supplying medical products to clinical laboratories and operating the nation's largest network of radiopharmacies that dispense products to aid in the early diagnosis and treatment of disease. Ranked #19 on the Fortune 500, Cardinal Health employs more than 30,000 people worldwide. The company was founded in 1971. More information about the company may be found at www.cardinalhealth.com.

Community Health Systems, Inc.

Community Health Systems, Inc. is one of the largest publicly-traded hospital companies in the United States and a leading operator of general acute-care hospitals in non-urban and mid-size markets throughout the country. Through its subsidiaries, the Company currently owns, leases or operates 134 hospitals in 29 states with an aggregate of approximately 20,000 licensed beds. Its hospitals offer a broad range of inpatient and surgical services, outpatient treatment and skilled nursing care. In addition, through its subsidiary, Quorum Health Resources, LLC, the Company provides management and consulting services to non-affiliated general acute-care hospitals located throughout the United States. The company, which was founded in 1985, is headquartered in Franklin, TN. Visit www.chs.net for more information.

Health Care Service Corporation Health Care Service Corporation is the country's largest customer-owned health insurer and fourth largest health insurer overall, with 13 million members in its Blue Cross and Blue Shield plans in Illinois, New Mexico, Oklahoma and Texas. A Mutual Legal Reserve Company, HCSC is an independent licensee of the Blue Cross and Blue Shield Association. HCSC has a rating of AA- (Very Strong) from Standard and Poor's, A1 (Good) from Moody's and A+ (Superior) from A.M. Best Company. The Company employs more than 16,000 people and serves more than 13 million members. For more information, visit www.hcsc.com.

Iowa Health System Iowa Health System is one of the nation's most integrated health systems. Through relationships with 26 hospitals in metropolitan and rural

communities and more than 200 physician clinics, IHS provides care throughout Iowa and Illinois. IHS entities employ more than 24,000 employees, working toward innovative advancements to deliver the Best Outcome for Every Patient Every Time. Each year, through more than 3.1 million patient visits, IHS hospitals and clinics provide a full range of care to patients and families. With annual revenues of \$2.8 billion, IHS is the fifth largest nondenominational health system in America and provides community benefit programs and services to improve the health of people in its communities. For more information, visit www.ihs.org.

LifePoint Hospitals LifePoint Hospitals(R) is a leading hospital company focused on providing quality healthcare services close to home. Through its subsidiaries, LifePoint operates 55 hospital campuses in 18 states.

With a mission of "Making Communities Healthier(R)," LifePoint is the sole community hospital provider in the majority of the communities it serves. More information about the company, which is headquartered in Brentwood, Tenn., can be found on its Web site, www.LifePointHospitals.com.

Memorial Hermann Health System An integrated health system, Memorial Hermann is known for world-class clinical expertise, patient-centered care, leading edge technology, and innovation. The system, with its exceptional medical staff and more than 20,000 employees, serves southeast Texas and the greater Houston community. Memorial Hermann's 12 hospitals include three hospitals in the Texas Medical Center, including a level 1 trauma center, a hospital for children and a rehabilitation hospital, eight suburban hospitals, and a second rehabilitation hospital in Katy. The system also operates three Heart & Vascular Institute locations, the Mischer Neuroscience Institute, the Ironman Sports Medicine Institute, an air ambulance, cancer, imaging and surgery centers, sports medicine and rehabilitation centers, outpatient laboratories, a chemical dependency treatment center, a home health agency, a retirement community and a nursing home. To learn more, visit www.memorialhermann.org.

Trinity Health Trinity Health is among the largest Catholic healthcare systems in the country. Based in Novi, Mich., Trinity Health operates 49 acute-care hospitals, 432 outpatient facilities, 33 long-term care facilities, and numerous home health offices and hospice programs in 10 states.

Employing about 56,000 full-time staff, Trinity Health reports about \$9.0 billion in unrestricted revenue. As a not-for-profit health system, Trinity Health reinvests its profits back into the community through programs to serve the poor and uninsured, manage chronic conditions like diabetes, health education and promotion initiatives, and outreach for the elderly. In fiscal 2011, this included more than \$453 million in such community benefits. For more information about Trinity Health, visit www.trinity-health.org.

Vanguard Health Systems Vanguard Health Systems owns and operates 28 acute care and specialty hospitals and complementary facilities and services in metropolitan Chicago, Illinois; metropolitan Phoenix, Arizona; metropolitan Detroit, Michigan; San Antonio, Texas; Harlingen and Brownsville, Texas; and Worcester and

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metropolitan Boston, Massachusetts. Vanguard Health Systems' strategy is to develop locally branded, comprehensive healthcare delivery networks in urban markets. Vanguard is headquartered in Nashville, TN and was founded in 1997. In 2011, Vanguard became a public company listed on the New York Stock Exchange under "VHS" with pro forma revenues of approximately \$6 billion. Visit www.vanguardhealth.com for more information.

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Source URL (retrieved on 01/26/2015 - 2:27am):

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