

# THE LIFE SCIENCES REPORT

## Regulation and Revolution: Trends in Digital Health Following the End of the COVID-19 Public Health Emergency

By Andrea Linna (Partner, Chicago) and Shawn Lichaa (Of Counsel, San Francisco)

After three long years, the federal COVID-19 public health emergency (PHE) expired on May 11, 2023. The expiration of the PHE put into motion

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## Client Spotlight: Enliven Therapeutics’ Reverse Merger with Imara and Concurrent Financing

*Supported by \$164.5 million in new financing from both new and current investors, Enliven pursued a reverse merger with Imara to “go public” in an otherwise unfavorable IPO market.*

By Rich Mullen (Partner, San Francisco), Erin Malone-Shkurkin (Associate, San Francisco), and Rachel Nagashima (Associate, Palo Alto)

### Introduction

On February 23, 2023, Enliven Therapeutics, Inc., a clinical-stage precision oncology company focused on the discovery and development of next-generation small molecule kinase inhibitors, announced the completion of its merger with Imara Inc. Enliven and Imara entered into a definitive merger agreement to combine the companies in an all-stock transaction on October 13, 2022. Enliven merged with and into a wholly owned subsidiary of Imara, with Enliven surviving the merger as a wholly owned subsidiary of Imara. The stockholders of Enliven were issued stock of Imara such that immediately following the closing, the stockholders of Enliven owned approximately 84 percent and Imara stockholders owned approximately 16 percent of the combined company. Concurrently with the closing of the transaction, Enliven closed a \$164.5 million financing from both new and existing investors. Enliven closed the merger with approximately \$300 million in cash, providing the combined company with cash runway into early 2026. The



combined company now operates under the name Enliven Therapeutics, Inc., and its shares trade on the Nasdaq Global Select Market under the ticker symbol “ELVN.”

The combined company is led by Sam Kintz, co-founder and CEO of Enliven, and the rest of Enliven’s management team. The board of directors of the combined company is comprised of Enliven’s former directors and Rahul Ballal, Imara’s former CEO.

### Background on Enliven

Enliven is a clinical-stage biopharmaceutical company focused on the discovery and development of small molecule kinase inhibitors to help improve survivability and well-being in cancer patients. In particular, Enliven is addressing existing and emerging unmet needs to provide cancer patients with medicines with improved therapeutic profiles by focusing on a precision oncology development approach rooted in validated biology and differentiated chemistry. With two promising product candidates, ELVN-001 and ELVN-002, currently in Phase 1 clinical trials and several additional research-stage opportunities, Enliven has made substantial progress to date and has a promising future.

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## Client Spotlight: Enliven Therapeutics' Reverse Merger with Imara . . . *(Continued from page 1)*

Enliven's management team includes world-renowned chemists, precision oncology and kinase inhibitor experts, and leaders in the industry with track records of success. Investors in the company include 5AM Ventures, Boxer Capital, Commodore Capital, Cormorant Asset Management, Fairmount, Fidelity Management & Research Company, Frazier Life Sciences, Janus Henderson, Logos Capital, OrbiMed, RA Capital Management, Roche Venture Fund, Sheatree Capital, Surveyor, and Venrock Healthcare Capital Partners.

### Background on Imara

Imara was a biopharmaceutical company that was formed with a mission to develop and commercialize novel therapeutics to treat patients suffering from serious disease. In April 2022, Imara received initial results from an interim analysis of a Phase 2 clinical trial of tovinontrine, its primary asset and drug candidate. Based on the results, Imara decided to discontinue the trials and any further development of tovinontrine for sickle cell and beta thalassemia, and explore alternative options to enhance shareholder value. As a result, Imara discontinued development of its pipeline and reduced its workforce by 83 percent. As of the second quarter of 2022, Imara had approximately \$90 million in cash remaining on its balance sheet and was evaluating potential asset sales and/or reverse mergers as an alternative to dissolution.

### Reverse Merger

Enliven's business and prospects made it an ideal candidate for a traditional IPO in the life sciences space, and after receiving favorable indications that an IPO would be successful, management and investors began exploring potential opportunities. But those efforts were put on pause in light of overall market dynamics. High inflation, rising interest rates, and general market uncertainty resulted in the U.S.

capital markets shutting down, leaving almost no path to a traditional IPO for most companies. Many companies in Enliven's shoes adopted a "wait-and-see" approach, but Enliven and its management team continued to evaluate their strategic alternatives and options to raise capital.

One of those alternatives was a reverse merger. Reverse mergers are transactions where a public company, often having a business profile like Imara, combines with a private company, typically in a reverse triangular merger that results in the private company's stockholders becoming the majority stockholders of the public company. A central element to these transactions is that the public company has a unique asset to offer to a potential private company counterparty: a listing on a public stock exchange. It is often the case that private companies seeking reverse mergers in lieu of more traditional routes of raising capital may do so because they do not have profiles that appeal to a traditional investor market, but they nonetheless have the future prospects that can be appealing to a public company reverse merger partner that typically has excess cash, but no viable go-forward business.

In this case, Enliven was a unique reverse merger candidate that did not fit the traditional profile. However, Enliven wanted to raise capital and continue to grow its business without taking on substantial liabilities or assets of an existing company that would cause a drain on financial and personnel resources to integrate the combining businesses and the ability to execute their strategic goals. Enliven was also uniquely positioned to continue its pursuit of becoming a publicly traded company in a relatively short timeframe because it could leverage the work it had undertaken in preparation for a potential IPO.

With those factors in mind, Imara presented a particularly appealing reverse

merger partner: it had a strong cash balance, with the promise of additional cash upon the sale of tovinontrine (which was ultimately sold via an asset sale to Cardurion Pharmaceuticals, Inc. (Cardurion)), and had already undertaken significant restructuring efforts to preserve cash as it evaluated its own strategic alternatives. Given Imara's unique positioning as a reverse merger partner, Enliven accurately anticipated that it could effectively raise capital, implement its business strategies, and prioritize its long-term goals for success by pursuing a reverse merger with Imara.

To further the appeal of a reverse merger with Imara, Enliven was able to put together a book of investors from leading life sciences institutional investors and large institutional mutual funds for a concurrent private placement that was substantially similar to one they would have expected to put together for a traditional IPO. Indeed, more than 60 percent of the commitments in the financing came from new investors that engaged in substantial technical due diligence. The cash of the combined companies and the concurrent financing are expected to give Enliven a cash runway sufficient to carry them through multiple clinical catalysts and into early 2026, which is what gave the management team comfort taking on a public listing given the market conditions.

In the end, the reverse merger transaction with Imara was an interesting alternative to the traditional IPO, which resulted in Enliven raising more capital than it likely would have in a traditional IPO and more certainty on the terms of the financing, in particular in light of the status of the U.S. capital markets at the time.

### The Agreement

Enliven and Imara entered into exclusivity to negotiate a reverse merger transaction in August 2022 and were

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able to sign and announce a definitive agreement on October 13, 2022. In addition to other matters, the parties agreed that Imara would be granted a \$10 million premium to its closing cash balance for the value of Imara's Nasdaq listing.

In addition to other customary terms, the consummation of the transaction was conditioned on, among other things: (1) approval by the stockholders of both companies, (2) Nasdaq's approval of the listing of the shares of Imara common

stock to be issued in connection with the merger, (3) Imara's net cash being between \$75 million and \$95 million as of the closing, (4) the waiting period under the HSR Act having expired or been terminated (which has been satisfied), and (5) the consummation of the asset sale with Cardurion (which has been satisfied). Enliven's obligation to consummate the merger was also subject to the completion of the concurrent financing such that Enliven received gross proceeds of at least \$131.6 million and Imara's obligation to consummate

the merger was subject to the completion of the concurrent financing such that Enliven received gross proceeds of at least \$75.0 million.

The parties also granted a contingent value rights agreement (CVR) to the pre-closing stockholders of Imara, which will entitle them to receive the value of the disposition of the remaining assets of Imara, including any contingent amounts that may be paid pursuant to the asset sale agreement with Cardurion.

### Q&A with Sam Kintz, CEO and Co-founder of Enliven, on the reverse merger process



**Q: What was it like to pivot away from a more traditional IPO path? Were there particular challenges in getting**

**comfortable with "going public" through a reverse merger?**

A: 2020 and 2021 were unusual years for the biotech IPO market. In retrospect, too many companies went public at valuations that were too high. By the end of 2021, although we were "ready" to go public, we decided to back off and remain private given early market warning signs. In fact, we were quite happy to remain a private company since we had plenty of capital to advance our parallel lead programs into the clinic and beyond without having to raise more money. We also had a very strong syndicate of high-quality, supportive investors that we knew would likely continue to support us if we continued to execute.

By early 2022, we began to get informal in-bounds regarding potential reverse merger opportunities. We initially dismissed the idea of using

a reverse merger as a way to finance the company (and become a public company) given the historically negative view of reverse mergers. My impression had been that companies only did reverse mergers if they couldn't pull off a "normal" IPO. But as 2022 progressed and more and more recent biotech IPOs lost significant market value, it became clear to us that 2022 was an unusual year. It also became clear that cash (and therefore, runway) was at a premium, and it was likely that overall market dynamics were going to get worse. We modeled out the amount of cash we would need to feel comfortable becoming a public company—mainly focused on getting both our lead programs to clinical proof of concept before needing to raise more money. The longer-term framing motivated us to start thinking differently about our next financing, and we became more interested in exploring reverse merger opportunities with two key conditions: 1) we could raise a significant amount of capital, and 2) we could do so in a way that reflected a competitive process and therefore at a price set by the market and not behind closed doors (in other words, more like a traditional IPO).

Ultimately, we decided that if we could achieve these two things, a reverse merger could be a very attractive option in this unusual market.

**Q: What was the reverse merger process like for Enliven?**

A: Honestly, the process was exhausting. We are extremely happy with the deal and are so grateful to all of our new investors—both the existing Imara stockholders and the concurrent PIPE investors—and our existing investors. The first part of the process felt a lot like an IPO. In fact, since 2Q 2021, we had been regularly engaging with a long list of potential investors and were engaged in active diligence with at least a dozen new investor groups. In many ways, building the concurrent financing syndicate felt more rigorous than what we experienced during our TTW meetings in 2021 because investors could really dig deep, and we could have several meaningful back-and-forth interactions. It was these interactions, and the feedback we received from new investors, that ultimately convinced us that this reverse merger opportunity was special and worth pursuing. We

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also had great interactions with the Imara management team and a subset of its board. We were all aligned from the outset, and the fact that we decided to let new investors set Enliven's valuation in the process was a key early decision that helped streamline the deal. However, it is no small thing to combine two entities, especially when one is a public company—even one as well-managed and disciplined as Imara. And we had to figure out how to do this while in parallel building a concurrent financing syndicate and negotiating a common stock purchase agreement. The two deals were inextricably linked and the sheer number of stakeholders that had to be satisfied was pretty overwhelming. This was by far the most complex deal I've ever been a part of and if it weren't for the unfavorable and unusual market conditions and the uniqueness of this deal, we probably would have thrown in the towel early in the process. The good news is that we stuck with it, and we have received a very favorable initial market reaction. More importantly, now that the deal has closed, we have the capital we need to advance our parallel lead programs and ultimately control our own destiny.

**Q: How was working with Wilson Sonsini in navigating your reverse merger and your preparations to become a public company?**

A: We have been working with Wilson Sonsini since before we incorporated Enliven, and I've been extremely happy with the firm and all of the

individuals we have worked with. Wilson Sonsini has deep experience guiding companies through almost any conceivable situation, including financings, M&A, and the transition to becoming a public company. This process, as I mentioned previously, was remarkably complex. There were so many factors to consider, and in most cases, no obviously correct answer. We had to navigate important business decisions while considering an almost impossibly long list of stakeholders. Wilson Sonsini was an invaluable partner in this process. Finally, the work ethic of the Wilson Sonsini team was inspiring. They were all in on this with us, working around the clock and through the weekends. It has been a privilege working with the entire team.

**Q: Any advice you might share with management of other companies that are considering a traditional IPO or a reverse merger transaction?**

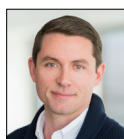
A: My primary advice is to remain focused on your corporate strategy and then consider whether a particular financing opportunity aligns with that. Private companies have more flexibility and are not subject to the same kind of external market pressures that public companies are. Staying private can be a great option, especially during times with a lot of market uncertainty. If going public offers a way to raise the capital you need to get to meaningful clinical data (or a similar inflection point), then be opportunistic. IPOs are cleaner and easier, but as we have

learned from the past few years, IPOs are not perfect. Reverse mergers can make sense in certain situations, but will likely always be viewed with some degree of skepticism. I personally think that the most important consideration is ensuring that any financing a company undertakes is at a fair price and on fair terms—to your current stockholders, employees, and other stakeholders, and your new investors.

**Q: How have the first few months of running a public company been going for Enliven? Have you experienced any interesting wrinkles unique to “going public” via a reverse merger?**

A: I was initially nervous, but it hasn't been as bad as I expected. The transition has actually been quite smooth. It has been a tremendous amount of work for our finance and legal teams, and they have done an excellent job. But for myself and the rest of the team, it has been mostly business as usual. Looking back, one aspect of a reverse merger that is nice is that there is time between the announcement of the deal and close that allows you to get some practice acting like a public company. In addition to growing the team, we were able to spend lots of time with new investors, tell them about the deal, and get them up to speed on our company and programs. There are some unique wrinkles associated with the structure of a reverse merger as compared to a traditional IPO, but nothing that has been major.

*The Wilson Sonsini team that advised Enliven on the reverse merger with Imara and concurrent financing included Tony Jeffries, Rob Ishii, Rich Mullen, Jennifer Knapp, Erin Malone-Shkurkin, Rachel Nagashima, and Ale Gonzalez.*



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the end of the flexibility for certain temporary digital health regulations, opened the door for scrutiny of certain practices that flourished during the PHE, and highlighted the need to review historical policies, guidelines, and regulations applicable to digital health.

In this article, we review important digital health regulatory changes and enforcement actions since the second half of 2022. Digital health organizations should carefully follow these developments to maintain an effective compliance program.

### Recent and Forthcoming Regulatory and Compliance Guidance

**1. DEA Stays Course on Controlled Substances and Telehealth—For Now.** On May 10, 2023, the Drug Enforcement Agency (DEA) announced that certain flexibilities regarding the use of telemedicine for the prescription of controlled substances will stay in place until November

Under the DEA's May 10 guidance, providers may continue to prescribe these controlled substances via audio-video telemedicine until November 11, 2023; additionally, until November 11, 2024, providers may continue to prescribe via telemedicine for patient-provider relationships established on or before November 11, 2023

11, 2023. The Ryan Haight Online Pharmacy Consumer Protection Act of 2008 requires (except in limited circumstances) that a provider may only prescribe controlled substances after conducting an in-person evaluation of the patient. Beginning in March 2020, due to the PHE, this in-person requirement was suspended, and practitioners were permitted to prescribe Schedule II-V controlled substances following an audio-video telemedicine encounter. Under the DEA's May 10 guidance, providers may continue to prescribe these controlled substances via audio-video telemedicine until November 11, 2023; additionally, until November 11, 2024, providers may continue to prescribe via telemedicine for patient-provider relationships established on or before November 11, 2023. The DEA or other federal agencies expect to issue a final set of rules regarding the use of telemedicine and controlled substances. Any company conducting online prescribing should carefully monitor for changes to these rules. Read the DEA's temporary rule [here](#).

**2. FTC Proposes Strengthening the Health Breach Notification Rule and Clarifies That Health and Wellness Apps Will Face Enforcement Action for Non-Compliance.** On May 18, 2023, the Federal Trade Commission (FTC) proposed changes to the Health Breach Notification Rule (HBNR) that applies to health and wellness apps and other direct-to-consumer health technologies, such as fitness, sleep, and diet trackers, that aren't covered by HIPAA. The proposed rule makes it clear that health-related apps and trackers will face enforcement action and potential penalties if they do not alert consumers when their health data is disclosed without their permission. A breach under the rule is not limited to cybersecurity intrusions or other nefarious behavior; it includes when

The proposed rule makes it clear that health-related apps and trackers will face enforcement action and potential penalties if they do not alert consumers when their health data is disclosed without their permission

a company discloses consumers' health information to third-party companies inconsistent with their own privacy policies. Companies that violate the rule may be liable for civil penalties of up to \$50,120 per violation. For example, [GoodRx](#) recently paid a \$1.5 million civil penalty for violating HBNR when it failed to notify consumers of its unauthorized disclosures of consumers' personal health information to Facebook and Google. Similarly, on May 17, 2023, the FTC brought its second enforcement action under HBNR against [Easy Healthcare Corporation](#), a company that publishes an ovulation and period-tracking mobile application called Premom, which allows its users to input and track various types of health and other sensitive data. Similar to the conduct alleged against GoodRx, Easy Healthcare disclosed identifiable health information to third-party companies such as Google and AppsFlyer contrary to its privacy promises, running afoul of HBNR's notification requirements.

The FTC's proposed changes and recent enforcement actions should act as a reminder to health and wellness app companies to evaluate their health and

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OCR’s guidance broadly states that all individually identifiable information “collected on a regulated entity’s website or mobile app is PHI, even if the individual does not have an existing relationship with the regulated entity and even if the information, such as IP address or geographic location, does not include specific treatment or billing information like dates and types of health care services”

wellness data sharing. Further, health and wellness app companies should only select service providers that are capable of treating data responsibly (e.g., not engaging in any onward disclosures of data that could result in a reportable breach) and oversee their service providers to ensure ongoing responsible data stewardship (which would avoid a breach). Health and wellness app companies should also consider de-identifying health information *before* sharing it with any service provider, as de-identification would render the data no longer identifiable health information subject to HBNR.

**3. HHS Issues Guidance on Healthcare Providers Using Online Tracking and When the Use Constitutes a HIPAA Breach.** In December 2022, the Health and Human Services (HHS) Office of Civil Rights (OCR) released guidance on HIPAA compliance when using online tracking technologies like Google Analytics and Meta Pixel. This was the first time OCR has issued specific guidance on online tracking technologies and whether they violate HIPAA. OCR’s guidance broadly states that all individually identifiable information “collected on a regulated entity’s website or mobile app is PHI, even if the individual does not have an existing relationship with the regulated entity and even if the information, such as IP address or geographic location, does not include specific treatment or billing information like dates and types of health care services.” For example, even tracking technologies on a regulated entity’s unauthenticated webpage that addresses specific symptoms or health conditions, such as pregnancy or miscarriage, or that permits individuals to search for doctors or schedule appointments without entering credentials, may have access to PHI in certain circumstances, which would require the regulated entity to enter into a business associate agreement with the provider of the tracking technology to avoid violating HIPAA. This guidance is a reminder to all HIPAA-regulated entities to analyze their use of tracking technologies and consider whether a business associate agreement with the companies is required. Read HHS’s guidance [here](#) and [here](#).

**4. Washington State Enacts Sweeping Health Privacy Act Impacting Start-Ups and Small Businesses Collecting Consumer Health Data.** On April 27, 2023, Washington State Governor Jay Inslee signed a far-reaching health

privacy law entitled “My Health My Data Act” (the Act) that extends protections to consumer health data collected by entities not currently covered under HIPAA. Unlike HIPAA, the Act provides for a private right of action, which could heighten risks for entities subject to the law. Further, the law does not provide any baseline thresholds (e.g., annual revenue), thereby subjecting start-ups and other small businesses to its requirements. The Act applies to “consumer health data,” which is defined broadly to mean personal information (including IP addresses and other persistent identifiers) that (1) is linked or reasonably linkable to a consumer and (2) identifies the consumer’s past, present, or future physical or mental health status. “Physical or mental health status” includes, but is not limited to, 13 different categories, such as: (a) “bodily functions, vital signs, symptoms, or measurements of [health status],” which would cover sensory

Unlike HIPAA, the My Health My Data Act provides for a private right of action, which could heighten risks for entities subject to the law

data from wearable devices; (b) “data that identifies a consumer seeking health care services”; (c) “biometric data”; (d) precise location information; and (e) any health data derived from non-health information, including through algorithms or machine learning.

Any company that operates in Washington State and may collect

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these categories of health data should analyze its compliance with the Act. Read a full client alert by our colleagues [here](#).

### 5. **FDA Issues Guidance on Clinical Decision Support Software and Whether It Will Be Subject to FDA Oversight as a Medical Device.**

In September 2022, the FDA issued final non-binding guidance on the regulation of clinical support software. This guidance applies to the category of clinical decision support software that is excluded from the definition of “medical device” under Section 520(o) of the Federal Food, Drug, and Cosmetic Act (FDCA). To meet the exclusion, the software must meet each of four distinct criteria. As we stated in our client alert [here](#), with respect to Criterion 3, a relevant inquiry is “whether a software function is being used to enhance, inform, and/or influence an HCP’s decision-making (meaning the product is not a medical device) or rather, to substitute, replace, or direct the HCP’s judgment (meaning the product is a medical device).”

### 6. **OIG to Modernize and Update Compliance Program Documents.**

On April 25, 2023, the Office of the Inspector General at the U.S. Department of Health and Human Services (HHS-OIG) announced that it is “modernizing the accessibility and usability” of its compliance resources. Departing from a practice that had been in place since 1998, HHS-OIG will no longer publish Compliance Program Guidance (CPG) to the Federal Register; rather, all historical and new CPGs will be published to the HHS-OIG website. Additionally, by the end of 2023, HHS-OIG expects to publish a General CPG applicable to all persons and companies operating within the healthcare industry, and

by the end of 2024, HHS-OIG expects to publish industry-specific CPGs for various subsectors within the healthcare industry. We will continue to monitor these developments for our clients. Read the HHS-OIG’s announcement [here](#) and a full client alert by our colleagues [here](#).

### **Federal Government Ramps Up Oversight of Telemedicine and Remote Patient Monitoring**

Telehealth and other virtual care providers that bill third-party payors should monitor and follow the guidance described below as part of their own ongoing compliance monitoring activities.

#### 1. **OIG Issues Special Fraud Alert on Telemedicine Fraud Schemes.**

In July 2022, HHS-OIG issued a Special Fraud Alert setting forth seven illustrative practices that give rise to a heightened risk of fraud by telemedicine companies. Among those potentially problematic characteristics were situations in which practitioners (a) do not meaningfully assess patient records; (b) are compensated based on the volume of prescriptions; (c) are limited in treatment options; and (d) are not expected to follow up with patients. HHS-OIG issued this alert after conducting what it described as dozens of investigations into telemedicine companies. Read the HHS-OIG fraud alert [here](#).

#### 2. **Cardiac Monitoring Company Pays \$44 Million to Resolve Claims That Its Services Were Performed by Technicians Outside the U.S.**

In December 2022, the Department of Justice (DOJ) announced that it reached a \$45 million settlement under the False Claims Act with remote patient monitoring company

BioTelemetry Inc. and its subsidiary CardioNet LLC. Although there was no admission of wrongdoing by the company, the DOJ alleged that the company and its subsidiary used technicians located outside the United States, including individuals who were allegedly unqualified to provide the services for which the company submitted claims for reimbursement. The use of foreign providers thus continues to be a practice that invites regulatory scrutiny. Read the full DOJ press release [here](#).

#### 3. **HHS OIG Develops Toolkit to Analyze Telehealth Claims to Assess Program Integrity Risks.**

On April 20, 2023, HHS-OIG released a toolkit to provide information on how entities can analyze telehealth claims billed to federal healthcare programs to identify inappropriate billing patterns. The toolkit identified certain activity that was indicative of inappropriate billing. These activities included, among others, (a) billing telehealth services at the highest, most-expensive level for a high proportion of services; (b) billing multiple plans or programs for the same telehealth services for a high proportion of services; and (c) billing for a telehealth service and then ordering medical equipment for a high percentage of patients. See the full toolkit [here](#).



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## Life Sciences Venture Financings for Wilson Sonsini Clients

By Scott Murano, Partner (Palo Alto)

The table below includes data from life sciences transactions in which Wilson Sonsini clients participated across the first and second halves of 2022. Specifically, the table compares—by industry segment—the number of closings, the total amount raised, and the average amount raised per closing across the two six-month periods.

Life Sciences Industry Segment	1H 2022	1H 2022	1H 2022	2H 2022	2H 2022	2H 2022
	Number of Closings	Total Amount Raised (\$M)	Average Amount Raised (\$M)	Number of Closings	Total Amount Raised (\$M)	Average Amount Raised (\$M)
Biopharmaceuticals	47	\$1,147.57	\$24.42	51	\$1,219.25	\$23.91
Genomics	12	\$268.64	\$22.39	4	\$25.77	\$6.44
Diagnostics	19	\$600.34	\$31.60	9	\$99.68	\$11.08
Medical Devices & Equipment	59	\$2,311.78	\$39.18	28	\$360.23	\$12.87
Digital Health	13	\$341.42	\$26.26	23	\$664.38	\$28.89
Healthcare Services	30	\$586.74	\$19.56	19	\$345.79	\$18.20
<b>Total</b>	<b>180</b>	<b>\$5,256.49</b>		<b>134</b>	<b>\$2,715.10</b>	

The data demonstrates that venture financing activity decreased from the first half of 2022 to the second half of 2022 with respect to the total number of closings and the total amount raised. Specifically, the total number of closings across all industry segments decreased 25.6 percent, from 180 to 134, while the total amount raised across all industry segments decreased 48.3 percent, from \$5,256.49 million to \$2,715.10 million.

Notably, the industry segment with the second-largest number of closings during the second half of 2022—medical devices and equipment—experienced a substantial decrease in number of closings and in total amount raised from the first half of 2022 to the second half of 2022. Specifically, the number of closings in the medical devices and equipment segment decreased 52.5 percent, from 59 to 28, while the total amount raised decreased 84.4 percent, from \$2,311.78

From 1H to 2H 2022, the total number of closings across all life sciences industry segments decreased 25.6 percent, from 180 to 134, while the total amount raised across all industry segments decreased 48.3 percent, from \$5,256.49 million to \$2,715.10 million

million to \$360.23 million. The industry segment with the fourth-largest number of closings during the second half of 2022—healthcare services—also decreased in both number of closings and in total amount raised from the first

half of 2022 to the second half of 2022. Specifically, the number of closings in healthcare services decreased 36.7 percent, from 30 to 19, while the total amount raised decreased 41.1 percent, from \$586.74 million to \$345.79 million.

Diagnostics and genomics, the industry segments with the fifth- and sixth-largest number of closings during the second half of 2022, respectively, also declined in both number of closings and total amount raised from the first half of 2022 to the second half of 2022. Specifically, the number of closings in the diagnostics segment decreased 52.6 percent, from 19 to 9 closings, while the total amount raised decreased 83.4 percent, from \$600.34 million to \$99.68 million. The total number of closings in the genomics segment decreased 66.7 percent, from 12 to 4, while the total amount raised decreased 90.4 percent, from \$268.64 million to \$25.77 million.

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## Life Sciences Venture Financings for Wilson Sonsini Clients *(Continued from page 8)*

Bucking the downward trend in number of closings and total amount raised was biopharmaceuticals, the industry segment with the largest number of closings during the second half of 2022. Specifically, the number of closings in the biopharmaceuticals segment increased 8.5 percent, from 47 to 51, while the total amount raised increased 6.2 percent, from \$1,147.57 million to \$1,219.25 million. Similarly, the industry segment with the third-largest number of closings during the second half of 2022—digital health—experienced an increase in number of closings as well as total amount raised. Specifically, the number of closings in the digital health segment increased 76.9 percent, from 13 to 23, while the total amount raised increased 94.6 percent, from \$341.42 million to \$664.38 million.

In addition, our data generally suggests that Series A, Series C and later, and bridge financing activity, as a percentage of all financing activity and measured

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Bucking the downward trend in number of closings and total amount raised were biopharmaceuticals and digital health, the industry segments with the largest and third-largest number of closings, respectively, in 2H 2022

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by number of closings, increased from the first half of 2022 to the second half of 2022, while Series Seed and Series B activity declined. Specifically, the number of Series A closings as a percentage of all closings increased from 17.8 percent to 26.2 percent, the number of Series C closings increased from 11.0 percent to 11.3 percent, and the number of bridge financing closings increased from 13.1 percent to 13.5 percent. On the other hand, the number of Series Seed closings as a percentage of all closings decreased from 11.5 percent to 4.3 percent, while the number of Series B closings decreased from 14.1 percent to 10.6 percent.

Average pre-money valuations for life sciences companies increased for Series Seed and Series C and later-stage financings and decreased for Series A and Series B financings from the first half of 2022 to the second half of 2022. Specifically, the average pre-money valuation for Series Seed financings increased 83.9 percent, from \$11.23 million to \$20.65 million; for Series C and later-stage financings, it increased 16.9 percent, from \$284.71 million to \$332.79 million; for Series A financings, it decreased 44.1 percent, from \$41.04 million to \$22.95 million; and for Series B financings, it decreased 38 percent, from \$290.82 million to \$180.3 million.

Overall, the data indicates that financing activity among our life sciences clients declined from the first half of 2022 to the second half of 2022, after making substantial gains from the second half of 2021 to the first half of 2022. Despite

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Overall, the data indicates that financing activity among our life sciences clients declined from the first half of 2022 to the second half of 2022, after making substantial gains from the second half of 2021 to the first half of 2022

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the downward trend, we are encouraged that financing activity in the largest industry segment, biopharmaceuticals, was more or less consistent with prior period activity, while financing activity in the burgeoning digital health segment made substantial gains during a down period. Nevertheless, these gains were not sufficient to offset the much more substantial losses in financing activity seen in the other industry segments—and we do not expect the level of financing activity to change significantly in the foreseeable future, given the instability of the financial markets and concerns about a looming recession.



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## Firm Partners with LaunchBio to Co-host NextGen VC Forum Focused on Life Sciences



On May 23, 2023, Wilson Sonsini and LaunchBio co-hosted the NextGen VC Forum, the premier event for venture capital associates to expand their skills and expertise while growing their network. Held in San Francisco, the invitation-only, half-day forum—which also included a networking breakfast and lunch—featured three curated educational panel sessions focused on the life sciences industry.

The first panel, “On Your Terms: Negotiating Term Sheets,” featured Wilson Sonsini corporate attorneys Christina Poulsen and Kassandra Castillo providing clarity around term

sheets and the negotiation process with start-ups. The second panel, “Assessing the Risk – Leveraging IP Diligence,” featured patents and innovation partner Julia Minitti and technology transactions partner Alex Key discussing IP due diligence, patents, freedom-to-operate, IP licensing, and IP litigation to help venture capitalists feel confident about their assets as they evaluate potential investment opportunities. The final session, “All Aboard! Understanding Board Governance,” featured insights from Delaware partner Amy Simmerman, who covered representation, oversight, alignment, board dynamics, and compliance to help

life sciences venture capitalists apply new knowledge and skills for better governance to ultimately maximize their investments.

The sessions were curated by Wilson Sonsini patents and innovations partner Michael Hostetler, Ph.D., and corporate partner Dan Koeppen. The program will be held in New York in September 2023 and in Boston in October 2023.

For more information, please visit <https://www.launchbio.org/program/nextgen-forum>.

## U.S.-Japan Healthcare Connection to Host Trade Mission and Roadshow for Healthcare Companies

In September 2023, the U.S.-Japan Healthcare Connection plans to lead a group of representatives from U.S. start-ups and growth-stage life sciences companies to Nagoya and Tokyo for the 10<sup>th</sup> Annual Japan Healthcare Week. Activities will include conferences, symposiums, site visits, and social events designed to facilitate access to potential Japanese partners, investors, distributors, customers, and others; help the companies gain visibility; and provide a hands-on introduction to the Japanese medical device and life sciences ecosystem.

One of the main events will be a forum in Nagoya on September 19 with the theme “Moonshot Project & the Future of Robotics and Healthcare Automation.” Organized by the U.S.-Japan Healthcare Connection and Nagoya University’s Medical Department, it is expected

to draw 250 attendees from local and national Japanese government, large Japanese healthcare companies, Japanese start-ups, academic translational medicine, SME and local medtech companies, parties interested in biodesign, service providers, investors, and others.

Then, on September 21, the U.S.-Japan Healthcare Connection will present the 10<sup>th</sup> Annual Tokyo Executive Symposium. Co-organized by Life Science Innovation Network Japan in conjunction with the U.S. Embassy in Tokyo, the exclusive, invite-only event will feature a series of panel presentations and provide U.S. delegates with the opportunity to pitch themselves to senior executives of large Japanese healthcare and diversified businesses in attendance.



### U.S.-Japan Healthcare Connection

The U.S.-Japan Healthcare Connection was created in 2022 as a collaboration between the Japan Society of Northern California and U.S.-Japan Medtech Frontiers (USJMF) to promote medical device and medical technology innovation through U.S.-Japanese interaction in industry, academia, and government. Wilson Sonsini partner Elton Satusky and former partner Casey McGlynn co-founded and served on the board of directors of USJMF, whose mission is to share best practices for medical device and healthcare innovation and promote networking and collaboration between U.S. and Japanese medical device organizations.

## Wilson Sonsini Hosts Inaugural 1L Life Sciences Summit



On March 23-24, 2023, the firm hosted its inaugural 1L Life Sciences Summit, which brought together 36 law students from 19 law schools across the country with interest and/or experience in the life sciences. Held in our Boston office, the summit was designed to introduce first-year law students to Wilson Sonsini’s diversity of life sciences practice areas, to help them explore ways to leverage their life sciences backgrounds and interests in their future legal careers.

Attendees had the opportunity to meet our attorneys, learn what it’s like to practice law in each of our life sciences practice groups, hear from clients and attorneys about their different career paths within the industry, and practice the art of networking. Each student was also paired with an attorney mentor and invited to virtual professional development trainings and a mock interview program following the summit.

The summit’s featured client speakers included Sarah Reed, general counsel of RA Capital; Brian Roman, global general counsel of Viatrix; and Ed Boyden, co-founder of Cognito Therapeutics. Wilson Sonsini attorney speakers included Tony Jeffries, Mark Bellomy, Jennifer Fang, Farah Gerdes, T.O. Kong, Clark Lin, Chris McAndrew, and Jake Gatof. In addition, firm panelists included Michael

Coke and Jacie Valentine (corporate life sciences panel); Deborah Smith and Adam Cole (patents and innovations panel); Miranda Biven and Morgan Brown (technology transactions – bio panel); Wendy Devine and Jessica Ramsey (patent litigation panel); and Jeff Bank, Brendan Coffman, and Rachel Gray (antitrust life sciences panel).

Overall, 121 first-year law students or admitted pre-law students with life sciences backgrounds applied to attend the summit. For those selected, travel and reasonable related expenses, including transportation, lodging, and meal costs, were covered by the firm.

For any questions or more information about the 1L Student Life Sciences Summit, please contact [lawstudents@wsgr.com](mailto:lawstudents@wsgr.com).

## Select Recent Life Sciences Client Highlights

### **Seal Rock Therapeutics Announces Out-Licensing Agreement with GENFIT**

On May 31, clinical-stage company Seal Rock Therapeutics announced an out-licensing agreement with biopharmaceutical company GENFIT to develop an injectable formulation of SRT-015 to treat acute liver disease. As part of the agreement, Seal Rock is eligible to receive up to €100 million, which includes regulatory, clinical, and commercial milestone payments, plus tiered royalties. Seal Rock is a privately held company that focuses on developing treatments for severe diseases with limited or no available therapies. Wilson Sonsini advised Seal Rock on the transaction.

### **Pyxis Oncology to Acquire Apexigen**

On May 24, Pyxis Oncology, Inc., a clinical-stage company focused on developing next-generation therapeutics to target difficult-to-treat cancers, and Apexigen, Inc., a clinical-stage biopharmaceutical company focused on discovering and developing innovative antibody therapeutics for oncology, announced a definitive agreement by which Pyxis Oncology will acquire Apexigen in an all-stock transaction. Upon the closing of this business combination, Apexigen will become a wholly owned subsidiary of Pyxis Oncology. Apexigen's sotigalimab, a potential best-in-class Phase 2 CD40 agonist, has been evaluated in more than 500 patients in clinical trials and demonstrated strong activity, including rapid, deep, and durable responses and a favorable tolerability profile, across multiple difficult-to-treat tumor types. Wilson Sonsini is advising Apexigen on the transaction.

### **Novo Holdings, Norwest Venture Partners, and Platanus Lead Ray Therapeutics Financing**

On May 16, optogenetics company Ray Therapeutics announced an upsized and

oversubscribed \$100 million Series A financing led by Novo Holdings A/S. The asset manager was joined by Deerfield Management, Norwest Venture Partners, Platanus, MRL Ventures Fund, the therapeutics-focused corporate venture fund of Merck & Co., Inc., and existing investor 4BIO Capital. Ray Therapeutics is focused on developing the world's first bioengineered optogenetic therapies designed to help improve visual function. Wilson Sonsini represented Novo Holdings, Norwest Venture Partners, and Platanus in the transaction.

### **Boundless Bio Closes \$100 Million Series C**

On May 16, Boundless Bio, a clinical-stage, next-generation precision oncology company developing innovative therapeutics directed against extrachromosomal DNA (ecDNA) for patients with oncogene amplified cancers, announced the closing of a \$100 million Series C financing. The financing was co-led by Leaps by Bayer, the impact investment arm of Bayer AG, and RA Capital Management, with participation from additional new investors Sectoral Asset Management and Piper Heartland Healthcare Capital. Wilson Sonsini advised Boundless Bio on IP matters related to the transaction.

### **XinThera Announces Acquisition by Gilead**

On May 9, Gilead Sciences announced the acquisition of San Diego-based XinThera, a privately held biotech company. The acquisition will give Gilead rights to a portfolio of small molecule inhibitors targeting PARP1 for oncology and MK2 for inflammatory diseases that could enter clinical trials later this year. XinThera was founded in 2021 by Stephen Kaldor, Ph.D., Qing Dong, Ph.D., and Gene Hung, M.D., and is backed by a group of investors including Foresite Capital, OrbiMed Advisors, LLC, and TTM Capital. Financial terms were not disclosed.

Wilson Sonsini advised XinThera on the transaction.

### **Luzhu Biotechnology Successfully Lists on HKSE**

On May 8, Beijing Luzhu Biotechnology Co., Ltd. (Luzhu Biotechnology) successfully listed on the Main Board of the Stock Exchange of Hong Kong, raising approximately HK\$340.7 million (US\$43.4 million) from a global offering of 10,386,000 H shares. Luzhu Biotechnology is committed to developing innovative vaccines and therapeutic biologics to prevent and control infectious diseases and treat cancer and autoimmune diseases. Wilson Sonsini acted as U.S. and Hong Kong counsel to the sole sponsor (China International Capital Corporation Hong Kong Securities Limited) and the underwriters in the global offering and listing.

### **Foresight Diagnostics Closes \$58.75 Million Series B**

On April 27, Foresight Diagnostics, Inc., a leading developer of ultrasensitive cancer detection tests, announced the close of an oversubscribed Series B financing round of \$58.75 million. The financing was led by Foresite Capital, with participation by Civilization Ventures, Bluebird Ventures, Pear Ventures, Agent Capital, Stanford University, and The University of Colorado Healthcare Innovation Fund. The proceeds will be used to accelerate the clinical development and commercialization of Foresight Diagnostics' cancer recurrence testing platform, PhasED-Seq™. Wilson Sonsini advised Foresight on corporate, IP, licensing, and business advisory matters related to the transaction.

### **Amphastar Acquires BAQSIMI**

On April 24, Eli Lilly and Company and global pharmaceutical company Amphastar announced that Lilly agreed to divest low blood sugar drug BAQSIMI

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## Select Recent Life Sciences Client Highlights *(Continued from page 12)*

to Amphastar. BAQSIMI is the first and only nasally administered glucagon for treatment of severe hypoglycemia in people with diabetes. Amphastar develops, manufactures, and markets injectable, intranasal, and inhalation products and has experience with a glucagon product. Amphastar will pay Lilly \$500 million at the close of the deal and \$125 million on the one-year anniversary of the closing. The deal includes as much as \$450 million in sales-based milestone payments. Wilson Sonsini advised Amphastar on the transaction.

### **GSK Announces \$2 Billion Acquisition of BELLUS Health**

On April 18, global biopharmaceutical company GSK announced the \$2 billion acquisition of late-stage biopharmaceutical company BELLUS Health. Canada-based BELLUS is focused on treating patients suffering from refractory chronic cough (RCC). The company is currently in phase 3 of clinical development for camlipixant, a highly selective P2X3 antagonist, which can be used as a first-line treatment for adult patients with RCC. The company expects regulatory approval launch in 2026. GSK is paying BELLUS \$14.75 per share in cash, which represents a 103 percent premium to the company's closing stock price on April 17. Wilson Sonsini advised BELLUS on patent matters related to the transaction.

### **Merck Announces \$10.8 Billion Acquisition of Prometheus**

On April 16, pharmaceutical company Merck announced the \$10.8 billion acquisition of clinical-stage biotechnology company Prometheus in a deal that will boost Merck's presence in immunology. Prometheus focuses on the discovery, development, and commercialization of novel therapeutic and companion diagnostic products for treating immune-mediated diseases.

The company's lead candidate, PRA023, is a humanized monoclonal antibody (mAb) that treats immune-mediated diseases. Merck will be purchasing all of the outstanding shares of Prometheus as part of the transaction. Wilson Sonsini advised Prometheus on IP and patent matters related to the transaction.

### **Aspect Biosystems Enters**

#### **Collaboration with Novo Nordisk**

On April 12, Aspect Biosystems, a biotechnology company pioneering the development of bioprinted tissue therapeutics, and leading global healthcare company Novo Nordisk A/S announced a collaboration, development, and license agreement to develop bioprinted tissue therapeutics with the aim of delivering a new class of truly disease-modifying treatments for diabetes and obesity. Aspect will receive an initial payment of \$75 million and is also eligible to receive up to \$650 million in future development, regulatory, commercial and sales milestone payments, as well as tiered royalties on future product sales. Wilson Sonsini advised Aspect Biosystems on the transaction.

### **Cognito Therapeutics Announces \$73 Million Series B**

On March 22, neurotechnology company Cognito Therapeutics announced a \$73 million Series B financing round. The financing was led by FoundersX Ventures, with participation from all of its existing investors. The round also included support from new investors Alzheimer's Drug Discovery Foundation (ADDF), Starbloom Capital, and IAG Capital. The new funding round brings Cognito's total amount raised since inception to \$93 million. Cognito plans to use proceeds from the financing to advance its pivotal study of its non-invasive neuromodulation device. Wilson Sonsini advised Cognito on the transaction.

### **EpiBiologics Launches with \$50 Million Series A**

On March 22, EpiBiologics, a biotechnology company building a next-generation, antibody-based protein degradation platform for membrane and extracellular drug targets, launched with \$50 million in Series A funding. The funding was co-led by Mubadala Capital and Polaris Partners, with participation from Vivo Capital and GV. The company's technology platform is based on the scientific work of EpiBiologics' co-founder and renowned antibody engineer Dr. Jim Wells of the University of California, San Francisco (UCSF), and the platform intellectual property has been exclusively licensed from UCSF. Wilson Sonsini advised EpiBiologics on IP matters related to the transaction.

### **Droplet Biosciences Announces \$8 Million Seed Investment**

On March 16, Droplet Biosciences announced an \$8 million seed investment to establish proof of concept for the company's lymph diagnostic platform to help prevent cancer recurrence. The financing was led by The Engine, the venture firm spun out of MIT that invests in early-stage Tough Tech companies. With the investment, Droplet will develop a novel lymph liquid biopsy for earlier, more precise care following surgery. Wilson Sonsini advised Droplet on its launch.

### **YS Biopharma Completes Business Combination with Summit Healthcare Acquisition Corp.**

On March 16, YS Biopharma Co., Ltd. (YS Biopharma) completed its business combination with Summit Healthcare Acquisition Corp. (Summit Healthcare), a publicly traded special purpose acquisition company (the merger). On March 17, YS Biopharma became a publicly listed company and its shares and warrants began trading on the Nasdaq Capital Market under

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## Select Recent Life Sciences Client Highlights *(Continued from page 13)*

the symbols “YS” and “YSBPW,” respectively. YS Biopharma is a global biopharmaceutical company focusing on new generations of vaccines and therapeutic biologics for infectious diseases and cancer. Wilson Sonsini represented YS Biopharma in the merger and Nasdaq listing.

### **Switch Therapeutics Announces Launch with \$52 Million Financing**

On March 14, Switch Therapeutics, a preclinical-stage biotechnology company pioneering a new way to use RNA science to treat diseases, announced its launch following \$52 million in financing. The company’s Series A was co-led by Insight Partners and UCB Ventures. Existing investors Upfront Ventures and BOLD Capital Partners and new investors Eli Lilly and Company, Ono Venture Investment, Digitalis Ventures, Dolby Family Ventures, Free Flow Ventures, PhiFund Ventures, and others also participated in the financing. The funds raised will be used to select and advance a development candidate for Switch’s lead program for the treatment of a central nervous system disease and recruit talent to accelerate the company’s growth. Wilson Sonsini advised Switch Therapeutics on the transaction and launch.

### **LENZ Therapeutics Raises \$83.5 Million in Series B Financing**

On March 7, biopharmaceutical company LENZ Therapeutics announced that it raised \$83.5 million in an oversubscribed Series B financing. The financing was led by new investor Sectoral Asset Management alongside Alpha Wave Ventures and Point 72. Existing investors RA Capital Management, Versant Ventures, RTW Investments, and others also participated. LENZ has late clinical-stage programs LN2100 (aceclidine) and LN2101 (aceclidine and brimonidine), which offer potential best-in-class therapies for presbyopia, or age-related far sightedness. The proceeds from the

financing will allow LENZ to complete the development and registration and, pending approval, launch LN2100/101 in the United States. Wilson Sonsini represented LENZ in the transaction.

### **Transcarent Announces Plan to Acquire AI-Powered Virtual Care Platform**

On March 6, Transcarent, a health and care experience company that makes it easy for people to access high-quality, affordable care, announced plans to acquire an AI-powered virtual care platform and on-demand primary care business from 98point6. The acquisition will give Transcarent access to 98point6’s technology and an affiliated medical group of providers skilled at delivering high-quality, on-demand care. Transcarent co-founder and CEO Glen Tullman says the deal is worth up to \$100 million and puts “AI front and center.” Wilson Sonsini represented Transcarent in the transaction.

### **Cargo Therapeutics Closes \$200 Million Oversubscribed and Upsized Series A**

On March 1, CARGO Therapeutics, Inc. (CARGO), a biotechnology company advancing a next generation of CAR T-cell therapies for cancer, announced the close of a \$200 million oversubscribed and upsized Series A financing. The financing was co-led by Third Rock Ventures, RTW Investments, LP, and Perceptive Xontogeny Venture Fund, and includes additional new investors Nextech, Janus Henderson Investors, Ally Bridge Group, Wellington Management, funds and accounts advised by T. Rowe Price Associates, Inc., Cormorant Asset Management, and Piper Heartland. CARGO is advancing what will potentially be a first and best-in-class autologous CD22 chimeric antigen receptor T-cell (CAR T) therapy, as well as a pipeline of next-generation CAR T-cell therapies for cancer using its proprietary cell engineering platform

technologies. Wilson Sonsini advised CARGO on patent and technology transactions matters related to the transaction.

### **Chroma Medicine Completes \$135 Million Series B**

On March 1, genomic medicine company Chroma Medicine announced that it has completed a \$135 million Series B financing, which was led by GV. The financing included participation from new investors ARCH Venture Partners, DCVC Bio, Mubadala Capital, Sixth Street, and all of its existing investors, including Alexandria Venture Investments, Atlas Venture, Casdin Capital, Cormorant Asset Management, Janus Henderson Investors, Newpath Partners, Omega Funds, Osage University Partners, Sofinnova Partners, T Rowe Price, and Wellington Management. Wilson Sonsini represented Chroma Medicine in the transaction.

### **RTW Investments Closes \$45 Million Series B1 for Oricell Therapeutics**

On February 28, Oricell Therapeutics Co., Ltd, a China-based innovative pharmaceutical company committed to the development of tumor cellular immunotherapeutics, announced the close of a \$45 million Series B1 investment round, following the completion of a \$125 million Series B fundraise in July 2022. The round was led by premier global industry investors RTW Investments, LP and Qatar Investment Authority, with participation from existing investors, including Qiming Venture Partners and C&D Emerging Industry Equity Investment. Wilson Sonsini represented RTW Investments in the transaction.

### **Caption Health Acquired by GE HealthCare**

On February 9, GE HealthCare, a leading global precision care innovator, announced that it has signed an

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## Select Recent Life Sciences Client Highlights *(Continued from page 14)*

agreement to acquire Caption Health, Inc., a privately owned artificial intelligence (AI) healthcare leader that creates clinical applications to aid in early disease detection, using AI to assist in conducting ultrasound scans. With Caption AI applications, ultrasound examinations can be easier and faster, enabling a broader set of healthcare professionals to conduct basic echocardiogram exams. Wilson Sonsini advised Caption Health on the acquisition.

### **A16z Leads Pearl Health's \$75 Million Series B**

On January 26, Pearl Health, a leading technology company focused on physician enablement and risk bearing in value-based care, announced it raised \$75 million in its oversubscribed Series B funding round, led by Andreessen Horowitz's Growth Fund (also known as "a16z") and Viking Global Investors, with participation by AlleyCorp, SV Angel's Growth Fund, and other investors. The round is composed of \$55 million in equity capital and an anticipated \$20 million in a line of credit, and brings Pearl's total funding to date to more than \$100 million. Wilson Sonsini advised a16z on the transaction.

### **Alleivant Medical Closes \$75 Million Equity Financing**

On January 26, Alleivant Medical, Inc., a privately held medical device company developing a no-implant interatrial shunt for heart failure, announced the closing of a \$75 million equity financing co-led by S3 Ventures and RiverVest Venture Partners. The lead investors were joined by Vensana Capital, Longview Ventures, TMC Venture Fund, and a strategic investor, in addition to Gilmartin Capital, ShangBay Capital, and another undisclosed strategic investor. This financing will fund the company's global pivotal trial, ALLAY-HF (Safety and Efficacy of the Alleivant System for No-Implant Interatrial Shunt

Creation in Patients with Chronic Heart Failure). Wilson Sonsini represented Alleivant Medical in the transaction.

### **Pacific Biosciences Announces Upsized Stock Offering**

On January 24, life sciences technology company Pacific Biosciences of California announced that it has priced a 17.5 million share secondary stock offering at \$10 per share. The transaction will raise \$175 million, which was upsized from the original size of \$150 million. Pacific Biosciences plans to use the proceeds from the offering for research and development and other corporate purposes that could include commercial infrastructure expansion, working capital, and acquisitions. The deal includes an overallotment of 2,625,000 shares that will be available to underwriters. Wilson Sonsini advised Pacific Biosciences on the transaction.

### **SetPoint Medical Announces \$80 Million Preferred Stock Financing**

On January 19, SetPoint Medical, a clinical-stage healthcare company dedicated to patients with chronic autoimmune diseases, announced an \$80 million preferred stock financing co-led by new investors Norwest Venture Partners and Viking Global Investors. New investor Gilmartin Capital also participated in the financing, along with returning investors New Enterprise Associates (NEA), Action Potential Venture Capital, Boston Scientific, Topspin Fund, Euclidean Capital, Morgenthaler Ventures, Richard King Mellon Foundation, ShangBay Capital, Ascendum Capital, Catalio Capital Management, Midas Capital, Citta Capital, SVE Capital, and an undisclosed strategic investor. The company is developing a novel platform for the treatment of chronic, inflammation-mediated autoimmune diseases and is initially focused on a potentially less immunosuppressive option for the treatment of rheumatoid arthritis (RA).

Wilson Sonsini represented SetPoint Medical in the transaction.

### **Carbon Health Receives \$100 Million Series D**

On January 9, Carbon Health, a hybrid healthcare company that combines expert care with proprietary technology for easy everyday health, announced that it has received \$100 million from CVS Health Ventures as part of an initial close of its Series D round. The funding enables the primary care provider to scale its Connective Care model into new geographies, sign new value-based care arrangements, and invest in technology as it aims to be a national leader in primary and urgent care. In addition to the investment, CVS Health will pilot the Carbon Health operating model inside select existing CVS Health locations. Wilson Sonsini advised Carbon Health on the transaction.

### **Linus Biotechnology Receives \$16 Million in Financing**

On January 6, Linus Biotechnology received \$16 million in venture capital financing for its R&D efforts to establish a method for predicting a child's chances of developing autism using information gleaned from a single piece of hair. Launched in late 2021, the spinout from Mount Sinai Health System said it hopes the funding will help grow its team and enable it to deliver "tangible outcomes" and the clinical data necessary to demonstrate its test can act as an accurate diagnostic aid for autism—even as early as just after birth. The Series A round was led by GreatPoint Ventures and Bow Capital, and joined by Divergent Investments, Bia-Echo Foundation President Nicole Shanahan, the David Bellet Family Office, Gillian Sandler, and Francisco Partners co-founder Sanford Robertson, among others. Wilson Sonsini represented LinusBio in the transaction.

## Upcoming Life Sciences Events

### Wilson Sonsini's Medical Device Digital Health Conference

June 16, 2023  
San Francisco, California  
<https://mdc.wsgrevents.com/>

The 30th Annual Medical Device Digital Health Conference will address issues of critical importance to medical device and digital health companies today. Topics to be discussed include key healthcare regulatory considerations, the relationship between intellectual property and valuation, a look back at 2022's fundraising and deals, and how 2023 is shaping up, as well as partnering strategies in the current market. In addition, our Partnering Hall will provide personalized opportunities for investors and large medtech and digital health companies to meet with start-ups searching for and pursuing potential investment, partnering, and acquisition opportunities.

### Phoenix 2023: The Medical Device and Diagnostic Conference for CEOs

October 11-13, 2023  
Half Moon Bay, California  
<https://phoenix.wsgrevents.com/>

The 28th Annual Phoenix Conference will bring together top-level executives from large healthcare companies and CEOs of small, venture-backed firms for an opportunity to discuss critical issues of interest to the medical device industry today, as well as to network and gain valuable insights from both industry leaders and peers. This exclusive, two-day in-person event will provide an unrivaled experience that will help inform and shape company strategy for the years ahead.

### Wilson Sonsini's Life Sciences Investment Forum

October 2023  
Boston, Massachusetts

Wilson Sonsini is planning our annual Life Sciences Investment Forum, a unique opportunity for investors to connect in person with promising life sciences start-ups to discuss potential funding and/or collaborations, for October 2023. The Investment Forum is a private event for previously confirmed investors and is exclusive to our early-stage clients, with a focus on therapeutics of all types (excluding digital and device-based therapeutics), diagnostics, genomics, tools, and synthetic biology.

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