

Digital health funding slowed down in Q1'22—but fertility is becoming a top-funded segment

Article

The data: Digital health funding reached **\$6 billion** across **183 deals** during Q1'22. This lagged behind Q4'21 (\$7.3B), according to a new [report](#) by Rock Health.

Digging deeper into the data: Digital health startups specializing in tech that reduces clinical admin burden increased in Q1. We think this was in direct response to healthcare's Great Resignation.

AI for healthcare administration startups moved up to the third-highest funded area compared with the 11th place in Q4'21, raking in **\$888 million**. This category included startups like medical transcription company **DeepScribe**.

Physician burnout and nursing shortages are likely drivers behind the jump in AI admin funding.

- **About 60% of physicians** say bureaucratic tasks contribute the most to their burnout, [according to](#) Medscape's 2022 Physician Burnout & Depression Report.
- Physicians are spending more time in their EHRs and less time on patient care.
- AI admin tech like DeepScribe's automate paperwork. This cuts back hours for permanent staff and alleviates admin work for doctors.

A prediction we got right: Last year, we [predicted](#) we'd see a rise in funding for AI admin startups.

We pegged companies that speed up prior authorizations as hot funding recipients, in particular.

- In February, health tech startup **PriorAuthNow** [nabbed](#) **\$25 million** to streamline patients' treatment approvals from their insurers, for instance.

What's next? The digital health funding boom in 2020-2021 is starting to slow down. But we suspect investors will continue to place bets on high ROI areas like fertility.

Geopolitical [tensions](#), inflation, and [fewer SPAC deals](#) could all be contributing factors to less funding in Q1. Still, the \$6 billion earned in Q1 is far higher than average digital health funding earned in any quarter before the pandemic.

One area investors will likely move toward is fertility.

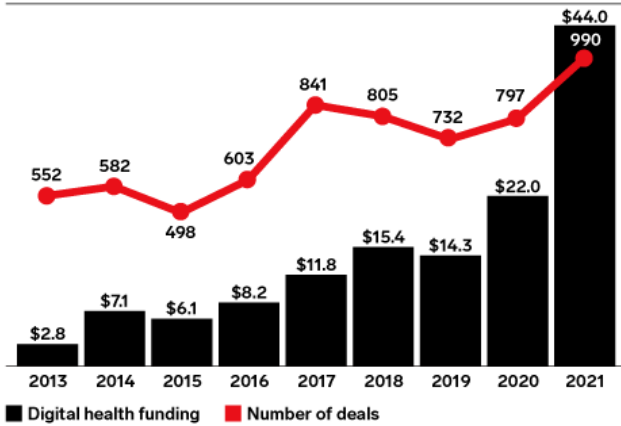
- Fertility and reproductive health startups gained **\$424 million** last quarter. This made fertility one of the top six most-funded treatment areas (nearly tying with primary care) for the first time since 2019, per Rock Health.

We suspect startups that can personalize fertility will climb higher on the top-funded list.

- That's because IVF is a multimillion dollar industry. And fertility treatments are very costly for patients. The more personalized fertility is, the lower it'll cost patients in the long-run.
- The average couple spends about \$19,000 for each IVF cycle, per Verywell Health.
- Plus, most (83%) healthcare consumers are already using digital health tools to track their fertility, which means there is high consumer awareness and interest in fertility tech.

Digital Health Funding and Number of Deals Worldwide, 2013-2021

billions and number of deals



Note: based on publicly available data through December 31, 2021 on seed (including accelerator), venture, corporate venture, and private equity funding only; companies tracked may fall under multiple moonshots
Source: StartUp Health, "2021 Year End Report" as cited in company blog, Jan 7, 2022

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