

An aerial photograph showing a dense green forest in the foreground, with a city skyline visible in the distance under a cloudy sky. The text is overlaid on the sky portion of the image.

INVESTING IN ENTREPRENEURS THAT IMPROVE  
HEALTHCARE

Investment Area of Interest:  
**Birth Centers**

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November 2019

## Executive Summary:

Maternity-related care is one of the largest expenses for the U.S. healthcare system today. The growing cost of care is shouldered by individuals, employers, and insurers alike, threatening to reach unsustainable levels. Despite the volume of capital these stakeholders are sacrificing for maternity and birth services, the country is still experiencing an epidemic involving soaring rates of premature births, postnatal complications, unnecessary cesarean procedures, and maternal mortality. After recognizing these trends, most of which have manifested in hospital settings, more American women are pursuing birth centers as an alternative delivery option.

Free-standing birth centers (FSBCs) are facilities, independent from hospitals, that employ midwives, rather than physicians, to assist in maternal care and labor. They aim to mimic a home environment, allowing mothers to give birth in a bedroom space and avoiding the use of medical interventions like epidurals and induced labor. In recent years, the number of new birth centers in the U.S. has grown significantly and the quality of existing facilities has jumped, signifying women's desire for the unique birth experience provided by birth centers. Demand is likely driven by the improved health outcomes and notably lower costs associated with birth center care.

Entrepreneurs, with both clinical backgrounds and with corporate backgrounds, are capitalizing on the industry's expansion in three ways. Some entrepreneurs are taking the industry opportunity into their own hands, directly opening single birth center locations or multiple franchise locations. Others are working in a tangential manner, contracting with existing birth centers to improve or enhance services. Lastly, a third set of entrepreneurs are establishing startups driven by complex, wrap-around technology that improves costs and health outcomes at all stages of the maternity process and for women's health as a whole. Companies that operate in any and all of these categories have the potential to see impressive growth, to save lives and money, and to prove as a successful endeavor for investors.

In 2016, the United States spent \$111 billion on pregnancy and newborn care alone.<sup>5</sup> This figure signifies the enormous scale of the maternity-related market. Such significant financial investment in prenatal care, birth, and postnatal care by insurers, employers, and new parents is often challenging for these parties to pay. Unfortunately, all of the capital is often a means to no end, with American women and their infants frequently experiencing undesirable health outcomes during or after delivery. Increasingly, women are recognizing the challenges associated with the current approach to birth and are shifting to an alternative option—birth centers.<sup>16</sup> In response, entrepreneurs are beginning to open birth centers themselves, one of which has even received significant angel investor backing.<sup>18</sup>

## **Birth Centers**

A birth center is defined as, “A home-like setting where care providers, usually midwives, provide family-centered care to healthy pregnant women.”<sup>5</sup> Specifically, birth centers are free-standing facilities, separate from hospitals, in which women can give birth with the help of midwives, rather than physicians, in a setting similar to a home bedroom. A midwife is a healthcare professional who provides care specifically for women. They are educated in general gynecological services, prenatal examinations, labor and delivery, and postpartum care. They are also able to write necessary prescriptions, like those for contraceptives, for their patients. Most midwives are Certified Nurse-Midwives (CNMs), meaning they have earned a Bachelor’s degree in Nursing in addition to a two to three year Master’s degree in Midwifery.<sup>38</sup>

Both birth centers and midwives operate on the “Wellness Model”, meaning they avoid using medical interventions like continuous fetal monitoring, intravenous fluids, and labor inductions, unless absolutely necessary.<sup>5</sup> In order to maximize the safety of each birth, these facilities offer their services only to women with low-risk births, meaning mothers must be pregnant with only one baby, must reach full-term, the baby must be faced head-down, and the pregnancy must present no other major risk factors.<sup>23</sup>

A woman who decides to deliver at a birth center can expect a fairly simple process. During her pregnancy, she will attend an orientation to the birth center, then she will receive screenings, a physical, lab testing, and family or maternity counseling to ensure she and the child are healthy. After this, she will engage in an educational program typically surrounding pregnancy and parenting. At the time of active labor, she will arrive at the birth center, receive care from a

midwife throughout the entire process, and return home without requiring an overnight stay. After the baby is born, he or she will undergo routine lab tests and follow-up care at the mother's home.<sup>5</sup>

## Maternity Market

Childbirth is currently the leading cause of hospitalizations in the United States, driven by the fact that about 98% of the over 4 million total births in 2018 took place in a hospital.<sup>2</sup> The remaining 2% opted for out-of-hospital births, two-thirds of which were home births and one-third of which—equal to 0.5% of all births—took place at a birth center. In total, this means that about 20,000 women give birth in a birth center each year.<sup>5</sup>

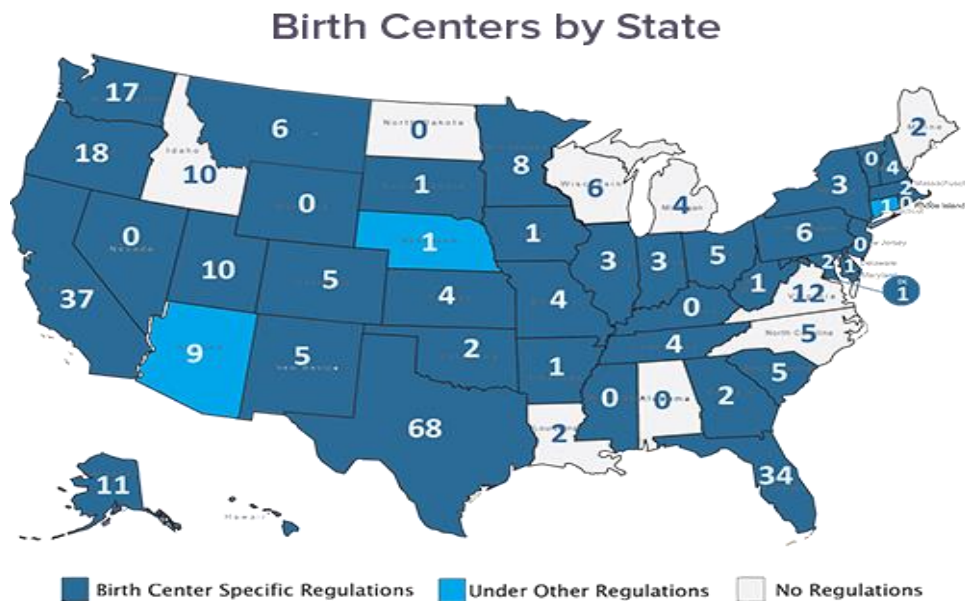


Figure 1. Birth centers and regulations by state (2015)

There are 370 free-standing birth centers across the country that are serving this birth demand. However, only around one-third, 119 centers, are accredited by the Commission for the Accreditation of Birth Centers (CABC). The CABC is an independent, non-profit organization that conducts a thorough peer review process to evaluate the quality of a birth center. Facilities that achieve accreditation status are then able to advertise their care delivery as high quality and to establish new contracts with insurance companies that only reimburse for services at

CABC accredited centers.<sup>17</sup> Although not legally mandated, it appears that the accreditation process is worthwhile for centers desiring increased demand and higher reimbursement rates.

The number of free-standing birth centers varies greatly by state. Texas, California, and Florida lead the nation with 68, 37, and 34 centers, respectively. Yet, only 82% of all states officially license birth centers, meaning that in the other 18% of states, shown in white on the graph above, there are no legal requirements for the opening of a birth center. These states include Idaho, North Dakota, Wisconsin, Michigan, Louisiana, Alabama, Virginia, North Carolina, and Maine, indicating no correlation between geography and this policy.<sup>17</sup>

In the last ten years, the number of free-standing birth centers has grown by 75%. Additionally, the number of midwife-led births is rising, making up about 10% of total births in the U.S. in 2018 and suggesting that more women are becoming comfortable with the idea of midwives as providers.<sup>5</sup> As this comfort increases and mothers capture more autonomy over their pregnancies, the proportion of them who are also willing to utilize birth center services is projected to increase as well. According to a survey by the research organization Childbirth Connection, most women, “would use a birth center if one was available locally, if it accepted their health insurance, or if they shared a racial, language, or cultural background with the birth center’s clinicians.”<sup>21</sup> Clearly, demand for birth centers exists and future growth will be dependent on new capacity meeting this demand.

From a demographic standpoint, the women who choose to give birth at birth centers are disproportionately white, college educated, and privately insured. In a study conducted by the American Association of Birth Centers, researchers found that out of almost 16,000 pregnant women who utilized birth center services, 75% were white, while only 11% were Latina, 6% were black, 3% were other races, 2% were Asian, and 1% were Native American. In addition, 72% of these women had completed some college education at the least. After evaluating insurance coverage, the study found that 54% of women were covered under private insurance, 24% were on Medicaid, 15% completed self-payment, 3% used military coverage, and 2% were on Medicare.<sup>5</sup> Interestingly, Medicaid pays for about 50% of all births nationally, including those in hospitals, meaning women enrolled in Medicaid are less likely than those with other forms of coverage to give birth in birth centers.<sup>7</sup>

## The Problem

Despite its status as a developed nation with advanced medical technology, the United States is plagued by two devastating problems related to maternity and newborn care—an extraordinarily high cost of birth and soaring rates of peri- and postnatal maternal health complications, often caused by cesarean delivery.

## Cost

According to Childbirth Connection, “America is the most expensive nation to give birth.”<sup>12</sup> So expensive, in fact, that costs are around double that of the second-most-expensive country—Switzerland.<sup>14</sup> This cost burden is shouldered not only by insurers, but also employers and patients. The American Association of Birth Centers (AABC) even cites childbirth as the greatest hospital expense for employers, costing an average \$20,000 to \$40,000 per birth.<sup>6</sup>

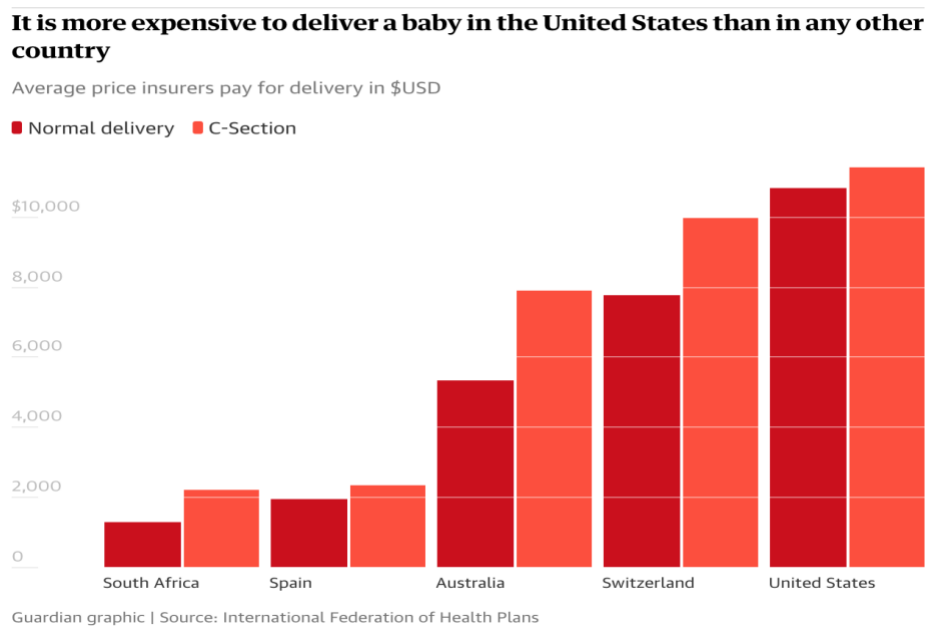


Figure 2. Average price of birth in five different countries (2018)

A woman who gives birth at a hospital, for example, would incur, an average total cost of \$28,000 for an uncomplicated vaginal birth. If she uses a commercial insurer, the insurer would

then negotiate with the hospital to lower the overall rate and eventually pay an average of over \$18,000. If she uses Medicaid, then the hospital would instead receive an insurance reimbursement of around \$9,000. Afterward, the patient may still pay some of the expenses out-of-pocket. Across all forms of insurance in this case, which is the most favorable delivery scenario possible, the average new mother would be fully responsible for around \$1,700.<sup>11</sup> It is essential to note that this value does not include the cost of prenatal and postnatal care, which can be, in some cases, equal to the cost of labor.

These fees are driven by two components—anesthesiology and professional services. Anesthesiology is generally one of the largest expenses. During a vaginal birth, anesthesiology charges typically include an epidural shot. On the other hand, professional services fees cover the cost of the physicians and other medical professionals present during the birth.<sup>11</sup> This payment also encompasses some regular preventative services practiced in hospital settings. Some services include continuous electronic fetal monitoring, received by 87% of women in labor at a hospital, IV fluids, received by 80% of women, and medications to artificially accelerate labor, received by 47% of women.<sup>5</sup>

Hospitals calculate a patient's bill using a document called the "chargemaster", which is a list of the fixed prices for hospital services, specific to the facility. Many of the values are based on old figures, established before hospitals were capable of accurately estimating the true cost of a given service. As a result, the prices can be "marked up to more than three times the procedure's actual cost."<sup>11</sup> Under this method, every hospital can charge wildly different fees than others, a fact that can go unbeknownst to expectant mothers. A California-focused study revealed that the rates for an uncomplicated vaginal birth ranged from almost \$3,300 at one hospital to about \$37,000 at another. Thus, an unknowing mother—and her insurer or employer—could be charged up to 11 times more at one hospital location than at a different location.<sup>12</sup>

Maven Clinic, a New York-based startup, aims to reduce the costs surrounding the labor itself, such as pre- and postpartum care, through its virtual clinic platform. The company leverages a network of over 1,400 medical professionals including OB-GYNs, pediatricians, and therapists who are available 24/7 to engage in video or instant messaging appointments with patients. Practitioners provide advice and even prescribe necessary medications, all while the patient is in the comfort of his or her home. Maven contracts with employers and health plans, providing

its platform to notable names like Snap Inc. Even individuals can pay for the company's service on a by-appointment basis. Since its inception in 2014, the company has raised \$42 million and served over 1 million women in 166 countries.<sup>33</sup>

## The Rise of Cesarean Delivery

In addition to unmanageable birth-related care costs, the U.S. is experiencing a maternal health crisis driven by the rise in cesarean deliveries at hospitals. A cesarean procedure, often referred to as a C-section, is the delivery of a baby via a surgical procedure that makes an incision to open the mother's abdomen and uterus. Although C-sections are recommended only when absolutely necessary, such as when the baby is positioned feet first rather than head first, their use in hospitals is rising and brings with it severe health and financial implications.<sup>20</sup>

In 2018, almost 32% of all births were cesarean, a rate that increased from 21% in 1996.<sup>4</sup> This rise in frequency is thought to be driven by the increased popularity of elective C-sections, the

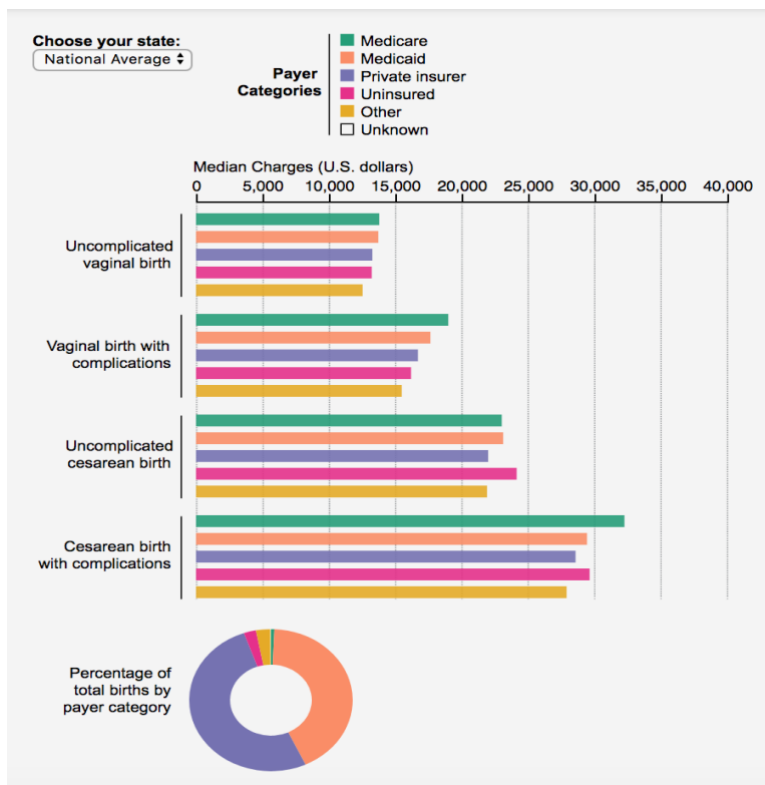


Figure 3. National average price of birth by payer (2018)

speed of the procedure relative to traditional vaginal birth, and, some would argue, the high reimbursement rates for the surgery relative to a vaginal birth.<sup>20</sup> In fact, 25.9% of total C-sections in 2018 were low-risk births, suggesting the procedure is frequently conducted when it is not medically necessary.<sup>4</sup>

Given their surgical nature, C-sections are markedly more expensive than uncomplicated vaginal births. If the same woman mentioned in the vaginal birth scenario above instead undergoes a C-section



procedure, she can expect to receive a bill for about \$24,600. This is over \$8,000 more than what she was billed for a vaginal delivery. Eventually, she will spend an average of \$2,000 to \$2,100 out-of-pocket—\$400 more than for a vaginal delivery. As a result, her insurance company, depending on their negotiating leverage, may be saddled with up to \$20,000 in reimbursements—up to double the reimbursement for a vaginal birth.<sup>11</sup>

Not only are cesarean births associated with dramatically high costs, they are also associated with severe postnatal health complications. Women who give birth via C-section are five times more likely to experience conditions like severe bleeding, uterine rupture, and cardiac arrest.<sup>20</sup> With each additional cesarean delivery, a woman’s risk of each of these outcomes increases and, unfortunately, nine out of ten women who have one cesarean delivery will have subsequent births through C-sections.<sup>10</sup> Additionally, the mother’s likelihood of death rises and financial strain associated with treating postnatal complications worsens. Unfortunately, the maternal mortality rate is rapidly growing, with 24 women dying per 100,000 live births in 2014. 60% of these deaths are considered preventable and are driven by unnecessary C-sections.<sup>10</sup> Thus, it is imperative that expectant mothers and medical providers choose C-sections as a birth method only when absolutely imperative.

**Maternal deaths in the U.S. have increased since 1990**  
(deaths per 100,000 live births)

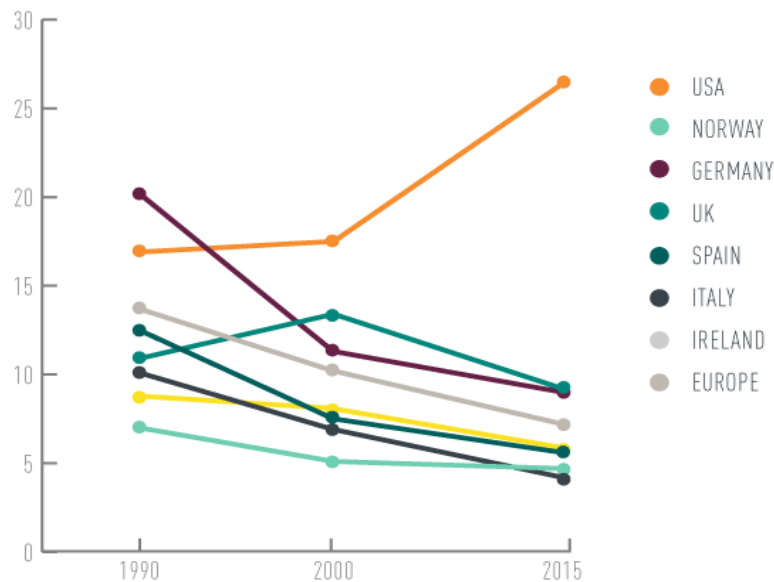


Figure 4. Maternal mortality in eight different countries from 1990-2015

## The Solution: Birth Centers

To reverse these unfortunate health and cost trends running rampant in hospitals, many physicians and midwives are opening free-standing birth centers. Despite being a fairly novel birth option, the existing centers have shown promising proof of concept, improving physical and mental maternal health as well as affordability of birth for all stakeholders.

### *Health Benefits*

Overall, the health outcomes of women who deliver in a birth center setting are more favorable than those of women who deliver in a hospital setting. In fact, the average C-section rate at birth centers in the U.S. is 6%—more than four times lower than the national average of 27% for all low-risk American women. Most birth centers partner with local hospitals, as required by the CABC, so that patients can be transferred if the labor becomes complicated and requires more advanced medical intervention like cesarean delivery. Yet, contrary to the rapid rise in C-sections at hospitals, the C-section rate at birth centers has remained fairly steady at 4.4% to 6% for over 20 years, indicating that the procedure was and continues to be performed only when medically necessary.<sup>5</sup> The stability also reveals that women at birth centers have a lower likelihood of postnatal complications.

After delivery, birth center health outcomes are comparable, if not better than hospital health outcomes. In fact, women who give birth at birth centers are significantly less likely to deliver a preterm baby and their babies exhibit higher average birth weights for both preterm births and births that reach full term.<sup>16</sup> Additionally, babies that are born via vaginal delivery exhibit a healthier gut microbiome for the first nine months of life than those born via C-section. Unfortunately, the lack of gut bacteria in cesarean babies gives them a higher risk of future infections that can lead to asthma and other serious, lifelong health conditions.<sup>34</sup>

Despite the long list of positive health outcomes associated with birth centers, there are still a few negative outcomes with which these facilities continue to struggle. One of the most common—and fatal—is postpartum hemorrhage, or bleeding after birth. Gauss Surgical, a startup established in 2011, developed the Triton QBL product to halt preventable deaths from

this specific condition. Triton QBL is an iPad-enabled app, coupled with a portable scale, that allows providers to measure the amount of blood a mother has lost during delivery by simply weighing used sponges and towels. With this technology, midwives and physicians can intervene quickly, enhancing the likelihood of stopping a fatal hemorrhage event.<sup>35</sup> In its early years, Gauss' customers were solely hospitals, but now the company sells its product to birth centers as well. Specifically, REX Women's Center in Raleigh, one of the busiest birth centers in North Carolina, uses Triton for every single delivery.<sup>22</sup> Not only does the product save lives, but it saves birth centers, insurers, employers, and individuals money that would have been required for the mother's recovery.

## ***Financial Benefits***

Two variables contribute to the financial favorability of birth center deliveries—minimal use of medical interventions and fewer C-sections. Under the “Wellness Model”, birth centers typically do not engage in hospital practices like continuous fetal monitoring, IVs, epidurals, and labor induction, all of which are services associated with notable cost.<sup>5</sup> As a result of this approach, the average cost of a vaginal delivery at a birth center is 50% lower than at a hospital.<sup>11</sup> In some states with high pricing variability between hospitals, like California, this difference can be as large as \$14,000.<sup>12</sup> To put this in perspective, a study by the American Association of Birth Centers (AABC) followed almost 15,600 women who chose to give birth in birthing centers across the U.S. and found that they saved over \$30 million simply by giving birth in a birthing center rather than a hospital.<sup>5</sup>

The second component of the cost-saving equation is that birth centers prevent unnecessary C-sections, conducting the procedure at a rate four times lower than the national average for low-risk births. It is estimated that this prevention alone saves Medicaid over \$19 million for every 10,000 births.<sup>7</sup> Since Medicaid pays for around half of all births in the U.S., the payer could realize groundbreaking savings if just a small percentage of its enrollees shifted from hospitals to birth centers. The remaining half of American births is covered mostly by commercial insurers, a group that could also save tens or hundreds of millions through the same approach.<sup>7</sup>

## ***Profitability***

The benefits of the birth center model are clear, but what is required for a birth center to open its doors and remain profitable? Anecdotes from founders suggest that the average startup costs for birth centers range from \$1-2 million, covering expenses like rent for the birthing center space, licensing fees, equipment, staff, supplies, and payment to the American Association of Birthing Centers (AABC) if the facility wishes to be accredited. Additional costs may include an EHR subscription and building renovations if desired.<sup>18</sup> Luckily, if a founder does not possess this capital him or herself, turning to venture funding may be a possibility. The venture capital industry is quickly warming up to women's health, with over \$500 million in venture funding for the women's' health market in 2019 compared to just \$350 million in 2013.<sup>31</sup> However, little to none of this capital is currently flowing towards birth centers, leaving the door open for investors to be some of the first to dive into the space. One birth center, Baby+Co, has received significant angel investor funding to-date, indicating that the option certainly exists.

Once operational, birth centers have two main levers of cash inflow or revenue—physician fees and facility fees. Physician fees are meant to cover the cost of midwives and other staff that assist with the birth, while facility service fees cover the cost of equipment, the mother's time at the center, and similar expenses. Both forms of fees are rolled into a mother's birth center bill and are standard components of hospital bills as well.<sup>24</sup> Under the Affordable Care Act, Medicaid is required to pay midwives at birth centers the same amount in physician fees they pay clinicians at hospitals. Additionally, the law requires Medicaid to reimburse at least some amount in facility fees to the birth center.<sup>11</sup> In reality, however, the physician fee mandate has been properly implemented in fewer than half of states. Additionally, average facility fee reimbursements are often significantly lower at birth centers than at hospitals. Kathryn Shrag, a Certified Nurse-Midwife (CNM) who opened a center in Tucson, feels, "The biggest challenge to birth centers in the United States is that we have not been able to get reimbursed for the facility in a way that makes it sustainable."<sup>18</sup> Similarly, other founders believe that the key to increasing the profitability of a birth center is by having leverage over payers and reimbursement negotiations.<sup>18</sup>

## BIRTH CENTER FACILITY FEES ARE LESS<sup>12,13</sup>

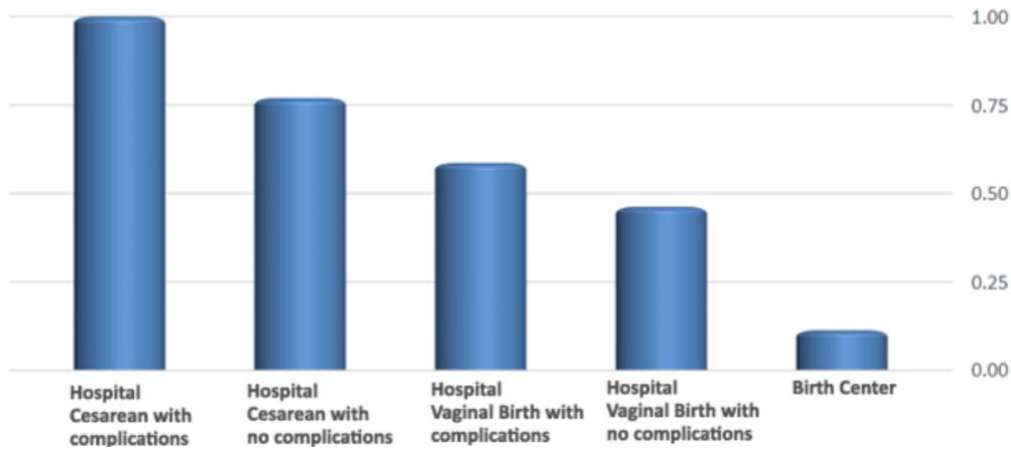


Figure 5. Relative facility fees for five delivery types (2015)

On the other hand, the expenses associated with birth centers manifest in the form of direct costs, indirect costs, and extra costs. Direct costs include medical supplies, lab tests, payroll, and medicines. Indirect costs include any maintenance service, education for clinicians, and other overhead costs like malpractice insurance. Finally, the only extra cost birth centers pay for that hospitals do not is comprehensive prenatal care. However, every other expense is generally cheaper at a birth center than at a hospital.<sup>24</sup>

The Minnesota Birth Center in Minneapolis is a valuable case for illustrating the financial dynamics of these centers. The Minnesota Birth Center was opened in 2012 by Dr. Steve Calvin, a former obstetrician who believes that birth centers can achieve the “Triple Aim of Obstetric Care”, a concept with the goal of simultaneously improving health outcomes and patient experience, while also lowering costs. On average, Calvin’s birth center charges \$4,900 for a facility fee and bills insurance a total of about \$13,300 for prenatal care, birth, and newborn care. Minnesota hospitals, on the other hand, charge an average of \$11,693 in facility fees for an uncomplicated vaginal birth and bill insurers over \$32,000 for the delivery alone. After seven years, “Calvin said that his business is solvent, but he hasn’t yet taken any regular income from it.”<sup>18</sup> Regardless, the Minneapolis location was successful enough for Calvin to open a second location in St. Paul in 2015.<sup>18</sup>

BabyScripts, a female technology (femtech) company similar to Maven, strives to lower these charges in all settings by lowering pre- and postpartum costs for providers. BabyScripts partners with health systems and OB/GYN practices, which then provide patients access to the mobile app platform and sends them internet connected medical devices. Through the app, new and expectant mothers can receive educational materials specific to the hospital or practice, log key health metrics like weight and blood sugar, and track their progression throughout the pregnancy and after birth. Providers have access to this information as well, allowing them to intervene or adjust the care plan as necessary, saving time and money, while improving health outcomes.<sup>36</sup>

### ***Factors to Consider When Opening a Birth Center***

When searching for the ideal market for a new birth center facility, entrepreneurs must evaluate four factors—low-risk pregnancy volumes, female demographics, payer mix in the area, and state regulations. Together, these four metrics will give a clear and thorough picture of the potential success of a new birth center location.

The first factor for any individual when assessing a potential birth center market is the average volume of low-risk pregnancies in the area. By opening a birth center in a state or city with a significant volume of low-risk pregnancies, founders can maximize the number of potential patients. Second, founders should evaluate the demographics of females in their area of interest. Since mothers who engage with birth centers are often white, privately insured, and college educated, birth centers in areas with an above average proportion of these women may attract higher demand than others. Similarly, founders should evaluate the payer mix in their area of interest, keeping in mind that women who deliver at birth centers disproportionately use private insurance. Thus, if the proposed birth center model shows a preference for private insurance reimbursements, the facility may benefit from localization in an area of mostly private payers. However, if the new birth center's target market is different, for example, Medicaid beneficiaries, founders should identify a location with a high concentration of women enrolled in Medicaid. Finally, founders should become familiar with state-specific regulations when selecting a state for their birth center. Not all states license birth centers and certain regions, like the Southwest, have extremely strict regulations surrounding midwives and birth centers.<sup>17</sup>

New Birth Company, based in Kansas, leverages the payer mix factor to maintain a competitive advantage and to realize financial success. The company operates two facilities, one in Overland Park, KS and one in Kansas City, KS, both of which achieved accreditation from the Commission for the Accreditation of Birth Centers (CABC) and the American Association of Birth Centers (AABC). The locations offer fairly standard services including education, prenatal care, labor care, and newborn checkups, but their differentiating factor lies in extensive payer partnerships. Both centers are considered in-network for multiple major insurers including Blue Cross Blue Shield, as well as Medicaid and state plans, effectively attracting patients that only self-payment accepting birth centers may not.<sup>37</sup>

## Conclusion

Certainly, the birth center model is complex and nuanced, but presents significant health and financial benefits. Thus, one would expect the private equity and venture capital industries to have already established a foothold in the space. Interestingly, however, there have been little to none of these kind of investments in birth centers to date. It appears that investors are hesitant because of the lack of payer flexibility. If payers adjusted their behaviors by potentially waiving deductibles for patients or by increasing reimbursements to a level sustainable for birth centers, but still less costly than those paid to hospitals, then the birth center space could be more financially advantageous. Under these conditions, a birth center investment would be an extremely compelling opportunity for venture and private equity firms.

## Select Startups Impacting the Industry

The following pages outline some of the companies operating in the birth center space, either by operating physical birth centers, by improving costs and health outcomes related to women's health, or by contracting with birth centers.

### **Companies are organized in the following two categories:**

1. Birth centers
2. Companies that improve costs & health outcomes
3. Companies that contract with birth centers



## Birth Centers



Founded: 2012



The Minnesota Birth Center entity encompasses two freestanding birth center facilities, one in Minneapolis and one in Saint Paul, opened by former obstetrician, Dr. Steve Calvin. The centers offer prenatal care, birth services, postpartum care, childbirth education programs, lactation support, and routine well-woman care. They contract with every major insurer in Minnesota, including Aetna, United Health Care, BCBS, and Cigna, but also accept payments via self-pay as well. In 2018, both centers combined served 449 births at an average billing rate of \$13,000. 58% of the births occurred in Minneapolis, generating a revenue of about \$3.4M and 40% occurred in Saint Paul, generating a revenue of about \$2.3M.



Minneapolis, MN and Saint Paul, MN  
<https://theminnesotabirthcenter.com/>



Founded: 2005



Alma Midwifery, located in Portland, Oregon, provides a variety of midwifery services to expectant mothers. In addition to operating a physical birth center with four birthing suites, the company offers care at home and support at local hospitals. Consistent with other centers, Alma provides prenatal counseling and care, lab testing, postpartum care, breastfeeding support, well baby care, and other services. They are currently in-network with United Healthcare, Regence, and Moda, but also accept self-pay or out-of-network insurers. On average, the cost per birth is \$6,780 and Alma's capacity is 15-20 births per month, generating a potential revenue of up to \$1.6M if all occur at the birth center,



Portland, OR

<http://www.almamidwifery.com/>



Founded: 2016



The Birth Center of Bloomington-Normal, was started in 2016 by Dr. Ogunleye, a former OB/GYN who witnessed the benefits of midwife-led care while working internationally. This center provides labor services, prenatal care as early as 8 weeks into pregnancy, transfer to a hospital if necessary, educational programs, and postpartum care. Between opening in late October 2016 and October 2017, the center saw over 200 deliveries. Currently, they do not have contracts with insurers, but is engaging in negotiations. Yet, it appears the center has attracted notable demand despite the lack of insurance reimbursements. The founders hope to open two or more additional centers in Illinois in the future.



Bloomington, IL

<https://birthcenterbn.com/>



Founded: 2015



Baby+Co was originally one of the largest multi-location birth center companies in the U.S., with centers in NC, CO, and TN. Unfortunately, after experiencing financial unsustainability due to the current payer environment, in addition to a few newborn deaths at one location, Baby+Co closed every facility but Nashville. This location opened in 2015 and seeks to deliver a personalized care experience. Available services include delivery, ultrasounds, prenatal and postpartum care, lactation support, and wellness coaching. They are considered in-network for most major payers, including Medicaid, but also accept self-pay. Although the facility has not posted updated numbers, they expected to serve 400-500 deliveries/year in Nashville alone.



Nashville, TN  
<https://www.babyandcompany.com/>



Founded: 2000



Beach Cities Midwifery, founded in 2000, operates three birth centers in Southern California: Long Beach, Laguna Hills, and Corona. Each facility contains two birthing rooms, with deep tubs for water births, and large beds. They offer services from before pregnancy to 6 weeks postpartum, in addition to the in-center delivery. Beach Cities Midwifery has contracts with major payers like Anthem, Aetna, United Health, and Cigna, as well as an option for self or out-of-network pay. The company's pricing is incredibly transparent and directly available online, charging \$6,500 for self-pay clients, which includes \$2000-2500 in professional fees and \$2000-2500 in facility fees. They also offer optional add-on services like earlier postpartum follow-ups for which patients can pay \$1,750 out-of-pocket only.



Long Beach, CA, Laguna Hills, CA, and Corona, CA  
<https://www.beachcitiesmidwifery.com/>

## Companies that Improve Women's Health Costs and Outcomes



Founded: 2013

Size: 11-50 Employees



BabyScripts contracts with health systems and OB/GYN practices to offer maternal education and pregnancy progress tracking to patients via an app.



The BabyScripts app reduces in-office visits, allows for provider intervention to prevent serious complications, and improves health outcomes.



Total Funding: \$16.3 million



Washington, DC  
<https://getbabyscripts.com/>

Lucina

Founded: 2008

Size: 1-10 employees



Lucina partners with health plans to identify mothers at-risk for preterm birth and to help intervene.



Lucina's HIPAA compliant SaaS platform uses preterm pregnancy identifiers to find at-risk mothers and allows care managers to communicate with the mothers to create personalized health plans.



Total Funding: \$2 million



Prospect, KY  
<https://lucinahealth.com/>



Founded: 2014

Size: 11-50 employees



Mahmee offers a HIPAA-compliant SaaS platform that allows different physicians and specialists to share personalized care plans and health updates about expectant and new mothers.



Mahmee's users report reduced NICU readmission by 60% and increased breastfeeding rates by 200%.



Total funding: \$3 million



Los Angeles, CA  
<https://www.mahmee.com/>



Founded: 2014

Size: 11-50 employees



Bloomlife offers expectant mothers the ability to rent a wearable contraction monitor synced with a mobile application.



Bloomlife's monitor allows mothers to track the natural rhythm of their bodies during pregnancy and labor and for the industry to gather helpful data in predicting preterm births.



Total Funding: \$14.4 million



San Francisco  
<https://bloomlife.com/>



Founded: 2011



The iBirth SaaS platform can be used by expectant and new parents to receive personalized educational information and progress trackers.



iBirth's offerings can be customized by providers to improve patient education, engagement, continuity of care, and save print costs.



Acquired by Babyscripts



Boulder, CO  
<https://ibirthapp.com/>



Founded: 2016

Size: 11-50 employees



Cleo contracts with self-insured employers to provide employees with a network of industry professionals who can consult parents on the full birth process.



Cleo's platform improves employees' access to care, reducing health costs, attracting and retaining talent, and improving worker satisfaction



Total funding: \$40.9 million



San Francisco, CA  
<https://hicleo.com/>



MAVEN

Founded: 2014

Size: 11-50 employees



Maven's virtual clinic leverages a network of over 1,400 different providers who can meet with patients via video chat or instant message 24/7.



Companies and health plans that subscribe to Maven can reduce costs, improve health outcomes, and heighten enrollee or employee satisfaction.



Total Funding: \$42.3 million



New York, NY  
<https://www.mavenclinic.com/>

## Companies that Contract with Birth Centers



Founded: 2011

Size: 11-50 employees



Gauss Surgical harnesses AI, computer vision, and machine learning to provide mobile platforms for monitoring blood loss.



Hospitals and birth centers using Gauss' Triton products can decrease maternal mortality, severe postnatal complications, and reduce costs.



Total Funding: \$51.5 million



Los Altos, CA  
<http://www.gausssurgical.com/>





Founded: 2008

Size: 51-100 employees



Sera Prognostics provides diagnostic testing to evaluate a woman's likelihood of premature birth, preeclampsia, and other pregnancy-related conditions.



The PreTRM blood test is commercially available and predicts premature birth risk as early as 19 weeks into the pregnancy.



Total Funding: \$114.3 million



Salt Lake City, UT  
<https://www.seraprognostics.com/>



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Founded in 1996, FCA Venture Partners has a long history of investing in successful healthcare entrepreneurs. We are passionate about building sustainable businesses and providing strategic value to our portfolio companies.

FCA invests \$3-6M in fast growing healthcare companies making processes in the industry faster, better, and cheaper while improving the quality of care and the patient experience.

With its location in Nashville, roots with Clayton Associates and the McWhorter Family, and deep involvement in the growth of the U.S. healthcare community, FCA Venture Partners is poised to take advantage of disruptive opportunities that help move healthcare forward.

## **Investing in Entrepreneurs that Improve Healthcare**

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