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Magnolia Medical announces $20M funding

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Magnolia Medical Technologies has announced a $20 million Series C financing round to scale the company's infrastructure and market initiatives to meet the rapidly growing demand for its Steripath® Gen2 Initial Specimen Diversion Device® (ISDD®).

This funding will also advance the company's portfolio of innovative blood and bodily fluid collection and contamination prevention devices to deliver significant improvements in the accuracy, consistency and predictability of critical diagnostic laboratory tests.

The financing round was led by RTW Investments with participation from existing institutional investors HealthQuest Capital, SightLine Partners and Canepa Healthcare.

Greg Bullington, CEO of Magnolia Medical said, "Our mission as a company is to eradicate inaccurate laboratory test results that lead to harmful patient mistreatments and significant avoidable costs. We have made very strong progress in establishing a new standard of care for sepsis testing accuracy and look forward to repeating our proven process with other critical, yet frequently inaccurate, laboratory tests. We are delighted to partner with RTW as we accelerate expansion of the Steripath® platform and advance efforts with policymakers to change national blood culture guidelines and contamination benchmarks to improve patient safety and quality of care."

Each year, tens of millions of patients in the U.S. require a blood culture to help diagnose sepsis and other potentially deadly bloodstream infections. However, when current standard practices are followed, an average of 40 percent of positive results are actually false positives due to contamination. Each year in the U.S. alone, this preventable diagnostic error impacts over 1 million patients and leads to over $5 billion in unnecessary healthcare costs.

Magnolia's flagship product, Steripath Gen2 ISDD, has been adopted in hospitals across the U.S. to address the problem of blood culture contamination.