

One of America's biggest hospitals invests in the meal-delivery space

A meal delivery a day keeps the doctor away?

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by [Jessica Fu](#)

What do restaurateur David Chang, reality television personality Jonathan Cheban, and New York's Mount Sinai hospital network have in common? All three have taken a crack at penetrating the volatile world of meal-delivery startups—with varying degrees of success.

Chang's service, a delivery-only restaurant called Ando, shuttered last year after two years of operation. Cheban, known for his popular @foodgod Instagram account and affiliation with the Kardashian family, launched a pre-made meal delivery service called Prepped in 2016, which is still going strong. And Mount Sinai? Its investment arm has just participated in a third round of funding for Epicured, a startup selling pre-made meals that adhere to a specialized diet said to alleviate symptoms of digestive disorders like irritable bowel syndrome and Crohn's disease.

"We're very excited about the immediate impact Epicured can have on our patients and families," said Brent Stackhouse, managing director and vice president of Mount Sinai Ventures, the investment subsidiary of the hospital network, in a [press release](#).

Hospital networks don't exactly scream, "Aggressive startup investor here!" After all, it can be a high-risk, high-return and often early-exit investment space that seems more in the wheelhouse of America's plutocrats, VC upstarts, and Silicon Valley bros.

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But America's hospital networks *are* funding emerging businesses. The economics are pretty enticing, too. Startups can reap massive profits if successfully scaled up. And not-for-profit hospitals like Mount Sinai, which have always operated on very thin margins, are experiencing [record-low](#) operating cash flow.

"Hospital volume is going down—and that means hospital revenue is going down," says Adam Block, a professor of public health at New York Medical College. "So hospitals are looking for ways to continue to be financially successful."

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It makes sense for Mount Sinai to partner with Epicured, a company that makes products aligned with the dietary needs of many Sinai patients. Even then, however, Epicured is a standout among the hospital's other investments. While most Mount Sinai's portfolio is comprised of other health care centers, Epicured is a lone meal-delivery service.

It's no secret that meal-delivery services—from kits for home cooks to delivery-only restaurants for hungry big-city dwellers—are having (and many would say have *already* had) a moment. New technologies have made it easier than ever for eaters to order food on demand, through apps on their phones or from online grocery retailers. The market is littered with delivery companies, but that doesn't mean it's an easy business. Delivery still suffers from a major logistics and labor problem. Nobody has figured out how to make money in the last mile—that's industry speak for the final leg of the journey to an end user—and the sector has also been criticized for exploiting delivery workers.

And there's another issue. In a partnership between a not-for-profit hospital network and a for-profit startup, the question of possible conflict-of-interest arises. Will doctors in effect have to become de facto brand ambassadors for Epicured, prescribing its products to patients and encouraging participation in its plan? In a phone interview, Stackhouse stressed that Mount Sinai's department of gastroenterology does not instruct doctors to prescribe Epicured to patients.

"Mount Sinai Ventures does not mandate or have any control over clinical decisions," he said. "We are very careful and very cautious to ensure that whenever a recommendation is made, whether it be through patient education materials or by clinicians directly, that clinicians and the materials fully disclose that Mount Sinai is part-owner in this company."

Through the lens of food-as-medicine, perhaps the Epicured-Mount Sinai partnership makes more sense than it seemed to at first glance.

For what it's worth, doctors make referrals all the time, many to physicians within the same hospital system or network. And just as patients can abide by those suggestions or ignore them, they can also choose eat according to specialized diets without Epicured. Since at least 2013, doctors have been writing fruit and vegetable prescriptions that can be redeemed at farmers' markets, allowing patients with nutrition deficiencies or facing issues of access and affordability to supplement their *existing* diets with fresher food.

And through the lens of food-as-medicine, perhaps the Epicured-Mount Sinai partnership makes more sense than it seemed to at first glance. There's long been a movement around the idea that food can heal every bit as much as it can harm us. And as we've reported, the burgeoning field of culinary medicine is increasingly of interest to clinicians and patients alike.

In Orange County, California, for instance, the Newport Academy rehabilitation center is using the rituals of eating to treat victims of trauma. Chefs can now become certified culinary medicine specialists, and some medical schools are introducing courses of study in for early-career primary care physicians. The Goldring Center for Culinary Medicine at Tulane University in New Orleans, Louisiana was the first designated teaching kitchen in the country to be implemented in a medical school. It officially opened in 2014.

1/25/2019 I asked Block whether these kinds of partnerships were unique to the American healthcare system, as opposed to the single-payer systems of other developed countries. “It’s a little bit less likely, but not completely,” he said of Canada, for example, where fees for medical services are set by the government. This means that if revenues go down, hospitals can negotiate for higher reimbursements, rather than turning to profit-generating investments.

But that’s not a guarantee, Block noted.

An irony of America’s hospital business is that, if their efforts in patient health are successful, hospitals can essentially make themselves obsolete. It’s a fairly simple equation: When health outcomes are strong, revenue weakens. So investing in alternative revenue streams and diversifying courses of treatment outside of just intervention—be it pharmaceutical, surgical, or emergency service—may help heal hospitals, too.



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