

Castle Biosciences snaps up San Diego's AltheaDx to push precision medicine into mental health

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San Diego startup AltheaDx, which developed a molecular test designed to guide therapy for depression and anxiety based on a patient's genetics,

is being acquired for \$65 million in stock and cash.

Castle Biosciences of Houston said Monday that it reached a deal to buy the roughly 40 employee company to advance its lead mental health [diagnostic test](#), which is branded IDgenetix.

The precision medicine test helps clinicians pinpoint the right drugs for battling depression based on how it interacts with a patient's genes.

The test also helps uncover how a drug might interact with other medications a patient is taking.

"The upside for us is it's a low penetrated category today," said Derek Maetzold, Castle's president and [chief executive officer](#), in a conference call with Wall Street analysts. "It is more about patients who have not been given access to pharmacogenomics testing to improve [treatment selection](#) the first time they are starting out on therapies."

Castle Biosciences plans to operate AltheaDx as a wholly owned subsidiary based in San Diego. All current employees are expected to be offered jobs at Castle when the deal closes later this year.

Founded in 2013, AltheaDx's lab-based test has undergone a randomized clinical trial, which found it improved results beyond the standard of care for patients suffering from depression and anxiety.

Since the fall of 2020, Medicare has reimbursed for the IDgenetix [test](#) for depression. Moreover, its accredited lab is cleared to provide testing in 50 states.

Even so, AltheaDx hasn't gotten off the ground. It booked less than \$1 million in revenue in 2021, according to Castle Bioscience filings with securities regulators.

Castle declined to disclose how much venture capital AltheaDx has raised over the years. AltheaDx publicly announced a total of \$57 million in later-stage Series C and Series D fundings—with the most recent round coming in 2017. It remains unclear how much money the company raised prior to that.

AltheaDx filed for an initial public stock offering in December 2014 but shelved the proposed stock sale in early 2015.

Castle Biosciences, which went public in 2019, makes tests that help guide treatment for certain cancers, including melanoma, [squamous cell carcinoma](#) and uveal melanoma.

Over time, Castle is betting AltheaDx can become a franchise for pharmacogenomics testing in [mental health](#)—offering medication guidance to clinicians beyond depression and anxiety.

"Precision medicine solutions, such as IDgenetix, have great potential as clinical decision support tools by providing critical genetic information to [healthcare providers](#) in pursuit of personalized care," said David Nikodem, chief executive of AltheaDx. "Castle Biosciences has strong expertise in providing advanced tests that improve health and guide patient care, and we are excited to join the team."

Under the terms of the agreement, Castle will pay \$32.5 million in cash and \$32.5 million in stock for AltheaDx.

In addition, it could pay up to \$75 million more in cash and stock if AltheaDx hits performance milestones over the next three years. The deal is expected to close this summer.

Castle Biosciences announced the acquisition Monday after markets closed. Its shares fell 9 percent to \$41.60 in early trading Tuesday on the

Nasdaq exchange.

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