

# Business Review

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**COMPANY** by Dave Szymanski | Tampa Bay Editor

## Problem Solvers

One statistic may help explain why CEOs get gray hair when they review their company's health care costs.

That number: Seven. About 7% of the U.S. population has a chronic physical health condition and a mental health problem, such as depression or anxiety. That same group gobbles up 37% of health care costs.

Armed with nurses on the road and clinicians on the phone in call centers, a Tampa company, Health Integrated, is working to solve this dilemma.

Primary care doctors are trained to address the physical problems, so they don't fully address depression or anxiety. The employee sometimes doesn't like the stigma of seeing a psychologist or psychiatrist.

If a doctor doesn't treat the behavioral health conditions while treating the physical conditions, that patient won't get well. For example, if a diabetic patient is depressed, he may avoid exercise, eat comfort foods and not take insulin on time.

As a result, the employee never gets fully healthy and continues to need care, sometimes in a hospital or emergency room.

"There are often lifestyle issues," says Shan (pronounced Shane) Padda, CEO of Health Integrated. "What we do is help people who have chronic medical conditions more effectively manage and treat their disease state."

Health Integrated recently was a presenting company at the Florida Venture Capital Conference in St. Petersburg. But it wasn't seeking investors. It was seeking exposure, recognition for its niche health care service.

**Health Integrated finds holistic solutions to help people with mental and physical illnesses as it controls health care costs.**

### Experience driven

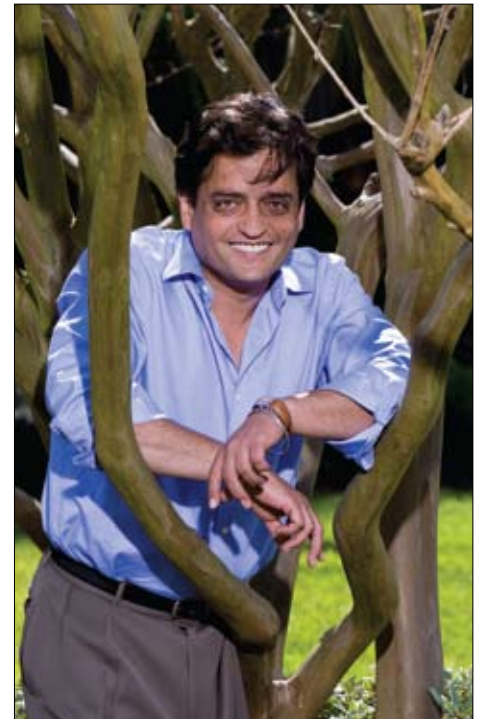
Health Integrated was founded in 1996 based on the experiences and vision of Dr. Sam Toney. A board-certified psychiatrist, Toney recognized the growing need for sophisticated care-management systems that address the physical, mental and behavioral health issues affecting patient care.

This perspective grew from his experience as the national medical director for a managed behavioral health organization, his role in developing direct patient care programs for partial hospitalization and substance abuse, and his development of managed care programs throughout the country.

These experiences reinforced his belief that the separation of medical and behavioral care doesn't help patients and results in higher costs. That's why the integration of medical and behavioral care to achieve quality clinical care at reduced costs is at the core of the Health Integrated philosophy.

Over the years, Health Integrated has built a team of health experts with a broad range of clinical, operational, and management expertise, all of whom continue to innovate new ways to increase the value of health care through better use of resources. By removing barriers to quality patient care, better outcomes will result, which in turn reduces demand on the system, boosts member satisfaction and drives savings.

Since its inception in 1996, Health Integrated created one of the nation's first comprehensive depression disease



**Shan Padda**, chairman and CEO of Health Integrated, sees business growing for the Tampa firm as companies try to control spiraling health care costs.

management programs and has since released an integrated medical/behavioral care coaching program called Synergy.

It has developed behavioral health criteria, pharmaceutical criteria and psychiatric case management programs and continues to assist health plans across the country in integrating behavioral and medical management.

Employers or HMOs hire Health Integrated. It looks at claims files and all

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Shan Padda, CEO of Health Integrated: "This is a company where you're on the side of the angels. The patient wins. His health goes up. For the physician, who doesn't have time, we complement the physician. And we lower and save costs, so employers love us."

## Entrepreneur puzzle solver

Shan Padda, 46, CEO of Tampa-based Health Integrated, went to Harvard University and originally thought of studying medicine, so he earned a degree in biology.

But while there, he discovered a passion for problem solving, so he began to study computer programming as well.

"For the first two years, I took all the classes I needed to graduate with a degree in biology," Padda says. "What I really enjoyed more was applied math and computer programming. It was like solving puzzles, fitting for an entrepreneur. It was creative and structured at the same time."

Padda went the entrepreneur route after college, starting five successful companies.

"Being an entrepreneur is like solving puzzles," he says. "Can you build a company to deliver a solution? It's solving a puzzle."

He is especially gratified these days because the puzzle he's helping solve is the health of people.

"The most important thing to anyone is their health," Padda says. "You're helping people with that. If you're able to do that in a positive way, that's fulfilling."

of the medical records of employees, including claims data.

It then runs the data through its proprietary computer algorithms and plans a schedule of care. The goal: Keep people out of expensive emergency rooms and hospitals.

"These are the people in the health plans that cost a lot of money," Padda says. "We're IDing the target population."

After identifying patients, it asks them if they want to enroll in the Health Integrated program. If they do, the company assigns them a clinician, who works with them an average of six to 18 months.

Patients always get the same clinician, to build the relationship. Once enrolled,

the clinician notifies the employee's primary physician and keeps that doctor updated.

Health Integrated asks its clinicians to stabilize the behavioral health condition. To do that, she needs to understand the depression or anxiety and help the patient understand the condition and explain the intricacies, motivate and engage them.

The clinicians then seek to maintain the person's health. For mental disorders, that can mean regularly taking medication, in the right dose, at the right time. It can also mean watching their diet and exercising regularly. Sometimes the clinicians also talk to care givers and family members. They communicate by telephone and email.

The company also employs nurses who do in-person visits when needed.

Padda, 46, is not a doctor. Instead, he calls himself a serial entrepreneur, having started new companies in health care, consumer products and software.

Originally from the U.S. Virgin Islands, Padda earned a biology degree from Harvard and worked in Minneapolis and Chicago before coming to Tampa to work for Health Integrated.

Prior to becoming the full-time CEO, he was helping the company part time, commuting from Chicago for three years.

For the first three years of its existence, Health Integrated was primarily a research company. From 2003 to 2005, revenues flattened.

That's when the company's board asked Padda to step in as CEO, in third quarter of 2005.

"All agreed with the premise of the company, that it had a lot of merit, but the board was not happy with its execution," Padda says. "They always believed in the vision. It makes so much sense."

So 2006 became a "rebuilding year," in Padda's words, as the company invested in IT systems and sought more efficiencies. In 2007, Health Integrated started to grow again. From 2006 to 2007, revenues grew 70%. The employee headcount also grew by 30%, from 130 employees to 175 employees.

This year, Health Integrated expects revenues to jump 100% to 200%.

How? By delivering great value to customers. With every dollar clients spend, the company says it saves them \$2 to \$7.

"We're lowering cost, but we're doing it the right way," Padda says. "People don't go to emergency rooms or hospitals."

### Expansion plans

Health Integrated went to the Florida Venture Capital Conference to tell its story to raise awareness of the company and help its recruiting efforts.

It is opening a call center in Seattle to offer geographic coverage and a back-up to its Tampa call center. In 12 to 18 months, it hopes to open a third.

It will continue to keep overhead low. Only about 15 people work in the headquarters office, in the Tampa suburb of Carrollwood. The remainder are in its nearby call center.

The company has competitors, but they aren't direct competition. Competitors focus on controlling costs of physical medical conditions. It is traditional disease management.

"Our niche is focusing on people," Padda says. "In our space, I don't think we have competitors. This is the low-hanging fruit, the sickest of the sick."

Because of costs, the company has no desire to go public. As the U.S. population ages it sees more growth potential. Health Integrated is national, but currently 90% of the business is east of Mississippi.

In the second or third quarters, it hopes to sign a contract to employ more nurses for home visits out west.

Having been an entrepreneur most of his life, Padda says two things are unique about this company: It helps employees and employers at the same time.

"This is a company where you're on the side of the angels," Padda says. "The patient wins. His health goes up. For the physician, who doesn't have time, we complement the physician. And we lower and save costs, so employers love us."



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