



**Greg Scott explains how this disease management company is working to improve healthcare costs across the country, one patient at a time.**

## APS Healthcare

# Managing Health



**O**n average, physicians spend less than 20 minutes with each of their patients. That time is often used to treat a patient's specific acute problems. But what about the factors that helped develop the patients' acute issues? Are patients staying compliant with their medication regimens? Are they watching their weight? Essentially, are they doing all the things necessary to prevent the next 20-minute office visit from occurring?

In most cases, the answer is no, which is precisely why companies such as Maryland-based APS Healthcare are so important. Founded in 1992 by physician Ken Kessler, a pioneer in behavioral healthcare, APS began a purely behavioral health company, putting together networks of providers, psychiatrists, and clinicians to treat mental illness while running networks, paying

claims, and handling billing. Today, the company has branched out from the behavioral business to include the broader gamut of disease management.

"By providing disease management services across a broad spectrum of conditions and the full continuum from wellness to acute and chronic illness, we can create better clinical outcomes for our patients and save money for our clients," said APS Chairman and CEO Greg Scott. "We feel we've got a better shot at accomplishing many of the things managed care attempted but didn't accomplish in terms of bringing control over costs and delivering better healthcare outcomes."

Because APS doesn't typically contract with physicians or hospitals, it's not trying to get better reimbursement arrangements. "We're focused

on improving clinical outcomes by changing the behaviors that are negatively impacting them," said Scott.

#### Better outcomes

APS has three operating divisions. The public sector works directly with state agencies such as Medicaid. State agencies will contact APS to provide disease management services for their patient population, providing APS with the data and ability to access patient information. From there, APS will reach out to patients via telephone or by visiting federally qualified health centers where the state agency's recipients typically receive their care.

"We attempt to engage them in our process so they become our members at that point in time," said Scott. "Our health coaches work with members to develop a more thorough understanding of their condition and to change how they are taking care of themselves. By helping them change the behaviors that are negatively impacting their health status, their health outcomes improve, and the state's costs are lower."

For Wyoming's Medicaid program, the facts are in the figures. APS's EquityCare program helped

the state avoid roughly \$13 million in expenditures in 2005 and roughly \$17 million in 2006. The program also contributed to a 40% reduction in the number of inpatient hospital admissions and an 18% decline in the number of days clients spent in the hospital between 2005 and 2006.

The company's commercial division typically places it in contact with an employer group or health plans that hire the company to provide disease management services to their employees or members. With a roster of available members, APS then engages those members through outreach programs similar to those of its public sector. APS's Puerto Rico division serves both health plan and public customers.

#### Change in leadership

The successful evolution of APS's core business attracted private equity firm GTCR Goldner Rauner, LLC and led to its acquisition of APS in June 2007. "Myself and some other executives had been in conversations with GTCR for a period of time, looking for what we thought would be an attractive platform from which to grow a frontline business," said Scott. "We

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