

Steering Patients Through the System

Quantum Health points people to the best care—and saves employers big bucks

BY PALLAVI GOGOI

FOR KARA J. TROTT, BECOMING an entrepreneur meant leaving her corporate law career. It meant resigning from a nonprofit board she no longer has time for and giving up her vacations. And in the early days it meant taking out a home-equity loan and moving to a smaller house.

But the new Kara Trott—the super-busy one in the more modest home—has never been happier. The company she started in 1999, Quantum Health in Columbus, Ohio, helps patients navigate the complexities of the health-care system. “When someone is diagnosed with cancer or diabetes, it is the most difficult time in their lives,” says Trott, 44. “It gives me the greatest satisfaction that I help people make the right decisions during those critical moments.”

In her prior life many of Trott’s legal clients had been hospitals or doctors. She witnessed the insurance industry’s attempts to shift health-care costs by cutting reimbursements to physicians and hospitals and by increasing employees’ deductibles and co-payments. Trott also had worked as a consumer products consultant, and she thought some of the techniques used in that industry, such as providing incentives to get people to buy, could be applied to health care to encourage patients to reduce spending. That would help everyone in the system, from patients on up. “I wanted to create something and make a change in people’s

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Trott’s pitch isn’t just about money

lives,” says Trott. “Of course, everybody was skeptical.”

Undeterred, she tracked health-care decisions from 2,800 patients, 260 physicians, and 140 employers, using data supplied largely by her law firm’s clients. She found that half of

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patients left their physicians’ offices not knowing what to do. Only 15% got answers to their questions, and 61% of the time patients chose the wrong type of specialist. That misstep generated an average of \$3,500 in extra costs. And Trott found that most patients wanted more guidance in choosing health care.

Data in hand, Trott quit her job. She told employers that her company would call their employees when they made doctors’ appointments. Quantum would arm the employees with pertinent questions, help them choose the right specialists, give them advice about which tests to take, and ensure that tests weren’t duplicated. Quantum would get a percentage of any savings the employers reaped. It would also offer workers incentives to stay well, such as by slashing co-pays for preventive care visits.

Her pitch worked. Trott’s first customers, mostly small, self-insured companies, averaged 6% increases in their health-care expenditures in 2001, compared with a national average of about 11% at the time. In 2004, according to a study of 600 patients

by Appleton (Wis.) benefits consultant Associated Health Group, Quantum made 970 telephone calls to patients, compared with 27 by a disease management company assigned to assist employees with chronic ailments. “Quantum takes disease management to the nth degree,” says Associated’s vice-president, Jeff Prickette.

Still, the first few years were slow going. “In the health-care business it takes an average of three years before people believe that results you’re generating aren’t an anomaly,” says Trott. She invested \$400,000 of her own money and raised \$300,000 from family and friends before taking out a Small Business Administration-backed loan in 2004 for \$730,000. In 2002 she hired a professional management team, including her husband, strategy consultant Randy Gebhardt, as COO.

Now, Quantum is on a tear. Last year the number of patients Quantum oversees doubled, to 52,000. Trott doubled her own employee base, to 55, and 2005 revenues shot up 40%, to \$7 million. “If we had gone to employers in 1999 talking about the importance of wellness and disease management, they would have laughed me out,” says Trott. Now they’re begging her to come in. ■

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