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### **HealthMedia will offer online programs for free**

Washtenaw County residents will be able to participate

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**BY JENNY RODE**

**News Business Reporter**

Ann Arbor company HealthMedia Inc., which specializes in online health intervention, will offer seven of its programs for free to Washtenaw County residents for the next 12 months.

Residents will be able to access the company's Web-based programs that help people manage health conditions such as diabetes, back pain, insomnia, depression and smoking cessation.

To participate, residents need access to the Internet, an e-mail account and a local address that will be validated by HealthMedia. Participation is confidential and information is not made available to any other party.

The company was founded 10 years ago by Victor Strecher, a University of Michigan researcher studying health behavior. Strecher is the company's chief science officer and board chairman.

HealthMedia coaches people online to change their health behavior in areas such as smoking, weight loss or diabetes management. Consumers answer questions online about their health and receive a customized plan and follow-up contacts to help them change behavior. According to the company, the programs help workers improve productivity, take medications as prescribed and use health services appropriately, which helps employers, health plans and pharmaceutical companies save money on health care expenses.

Ted Dacko, HealthMedia president and chief executive officer since 2001, said after Pfizer Inc. announced it will close its Ann Arbor research and development facilities next year, he asked for company volunteers interested in community service. A group of 25 met and the resulting idea was to offer some of the company's services for free to the area's 325,000 residents.

It's a bargain for the county. An employer with 10,000 workers typically would pay HealthMedia anywhere from a couple hundred thousand dollars to \$1 million for the company's services, Dacko said.

The county's 2005 Health Improvement Plan survey shows an ongoing need to help people with chronic health issues. One of the county's goals, for example, is to reduce the percent of adults who smoke from 16 percent to 5 percent.

Washtenaw County Public Health Department Health Officer Ellen Clement said she is pleased with HealthMedia's offer to help the county tackle chronic health issues.

"I think this is going to be great for people who are motivated; I don't know what it will do for people who aren't," she said. "I really am greatly encouraged by this and it's helping me rethink some things about our own Washtenaw County employee population to see if we can help our resources go farther."

Dacko said participation rates vary from group to group, so he's not sure how many residents will sign up. The company's plan is to work with local governments and organizations such as local libraries to get the word out.

"We've never done anything like this, so we don't know what to expect," Dacko said. "We don't know whether we'll get five or 50,000 people. ... We'd like to go back to the county in a year and share with them what we've accomplished."

HealthMedia was founded in 1998 but ran into trouble when the dot-com bubble burst in 2000.

"Like all firms, we probably had too many employees and too many expenses for revenues," Dacko said.

The company downsized in 2001 from 85 to 22 people, then slowly built up its research, revenues and customer base, attracting a \$3 million venture capital investment in 2003 and \$2 million in 2005.

The company is now profitable and has 115 employees, most in Ann Arbor. Revenue growth is more than 50 percent a year and in 2007, revenues are expected to come in between \$19 million and \$20 million, Dacko said.

The company expects to hire 10 to 12 people during the rest of the year.

He said HealthMedia's focus is on investing in new products. "Every time we have growth, we try to look for opportunities to grow products," he said.

Last year the company released a program for diabetes; this year it released programs for insomnia and depression. Pain and hypertension are next on the list. "There are tons of therapy categories that we can invest in," Dacko said.

The company has many suitors, he said, but investors want HealthMedia to remain independent. The plan is to grow the company to \$100 million a year in revenues by 2010.

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