

# Telecare Corporation

The culture at this mental health services provider is fueling growth despite a state budget crisis and an uncertain future for the industry.

## Opportunity on the Horizon

With healthcare reform looming, organizations of all shapes and sizes are waiting with baited breath before making plans. Nowhere is the situation more precarious than in California, a state that is coping with a budget deficit of more than \$20 billion for the second year in a row. But for Anne Bakar and the team at Telecare Corporation, the future is full of opportunities.

Telecare is one of the largest mental health service providers in the country, delivering services and support to people with serious mental illness and co-occurring disorders, including substance abuse issues, developmental disabilities, and histories of homelessness or incarceration. The company operates 53 programs in five states: Texas, Nebraska, Oregon, North Carolina (its newest market), and California, the last of which accounts for nearly 80% of its revenue. In the fiscal year for 2007 to 2008, Telecare served more than 22,500 individuals nationwide.

Over the last 10 years, Telecare's annual growth hovered between 10% and 15%. Last year, in spite of a general market collapse, the company saw 7% growth. Bakar said for 2009, the company is necessarily conservative with budget estimates but not for lack of opportunity.

"There are still markets we're moving into in California, in spite of the budget crisis," said Bakar. Telecare contracts primarily with state and county behavioral health departments. Additionally, private health organizations like Kaiser have contracted with Telecare to outsource acute mental health services. Bakar said Kaiser is talking to Telecare about opening at least two new programs in Northern California in the next few years. "We've remained somewhat insulated because we care for the most disabled people in the community who, if they weren't with us, would wind up in prison or state



hospitals, and those are more expensive options than our programs," she added.

In the last few years, Telecare has pursued three new customer markets. The first is medical and surgical hospitals, which have a need to provide acute mental health services to their communities but lack the resources or expertise to do so in a cost-effective manner. Bakar said Telecare is primarily offering geriatric psychiatry programs to this market, as older patients are often better served in a hospital setting because they often have accompanying medical issues.

The second market is the criminal justice system. This spring, Telecare was awarded five contracts for state prison systems, to treat parolees who have identified psychiatric diagnoses. Those programs are scheduled to come online by late summer or fall.

The third market is regional center agencies. These nonprofit agencies contract



**Anne Bakar, president and CEO**

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HQ Alameda, Calif.  
Employees 2,400  
Programs 53 in five states



with the state of California to provide and coordinate services for patients with developmental disabilities. Telecare provides added support for regional center clients who are diagnosed with co-occurring developmental disabilities and serious mental illnesses and who cannot otherwise be treated with traditional strategies

“About four years ago, we opened a program called Redwood Place that serves 60 of these folks. Because of its success, we have several regional agencies in California talking to us

about opening new programs. We’re now working with one to design and open a facility in Alameda County,” Bakar said.

Internally, Telecare is rolling out an automated billing system that integrates clinical records with its financial system. The program is operating at a few pilot sites in Oregon, and Bakar hopes to roll it out to all Telecare sites in the next couple of years.

“Today, the focus is not just on clinical effectiveness, but cost effectiveness as well. We are already a much more cost effective option for states, but it makes sense, especially as the industry changes, to be more efficient,” she said.

## Hope and success

Bakar attributed Telecare’s success to the company’s founding philosophy of recovery and hope and its family culture.

“My father was one of the three individuals who founded Telecare, and back then, their mission was to give these patients hope. That philosophy remains today, and it is part of the reason it has been so easy for us to adopt the popular patient-centric care model,” said Bakar, who added that, today, the company has more tangible tools for its staff to use to implement that philosophy.

A family culture has been a part of Telecare from the beginning too, and Bakar said it helps keep employees motivated and focused on the mission. She described it as a culture of involvement, citing the hiring, safety, and acknowledgment teams that allow employees to be a part of the decision

making process whenever possible. That culture got a boost in 1998 when Telecare added ESOP. About 35% of the company stock is owned by employees. Since 1998, the ESOP has increased in value by 240%.

“In any business today, executives understand the importance of having motivated, mission-driven employees, but in the mental health field, it is a necessity,” Bakar said. “Our employees’ jobs are no less than to give hope to people facing tremendous challenges.”

Attracting and retaining the right people for such a tough job requires a creative approach from Telecare, which, as a publicly funded company, can’t afford to be an industry leader in compensation. The company emphasizes professional development for its employees. Bakar said the two regional managers for California both started as clinical rehabilitation therapists.

The company has three reimbursement programs for employees interested in advancing their career with a higher level of licensure or higher education: Ben McCloud Scholarship fund, which awarded 27 participants more than \$27,000 to use for school in 2010; Telecare Education Assistance Program, which provided employees with more than \$52,000 in the last three years; and Nursing Education Repayment Program, which helped 16 participants advance their nursing careers with more than \$24,000.

It’s no surprise Telecare was recently named one of the best places to work in the Bay Area for the fifth year in a row. Bakar said the company recently submitted a nomination for the *Fortune* 100 Best Companies to Work For list so the other branches of the company could earn similar recognition.

“We may not get on the list the first time around, but the process of applying for an award like that requires an audit of the company so it’s a good opportunity to assess how we’re doing and where to improve from here,” said Bakar. +

—Meghan Flynn



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