



Donato Tramuto

EDITORS' NOTE Donato Tramuto has held his current post since November 2015. Prior to that, he was Chief Executive Officer and Chairman of the Board for Physicians Interactive (now Aptus Health); Chief Executive Officer for i3 (Division of UnitedHealth Group); Chief Executive Officer/Co-Founder of Constella Health Strategies (formerly Protocare, Inc.); Senior Vice President/New Business Development for Value Health Sciences; Vice President and General Manager-HIV Disease Management Division for Caremark International; and District Manager for Boehringer Ingelheim. He received his B.A. in Philosophy/Psychology from Wadham's Hall Seminary College. Tramuto is the Founder and Chairman of Health eVillages, a global not-for-profit organization that provides healthcare professionals with state-of-the-art mobile medical devices to diagnose and treat patients in some of the most challenging clinical environments. He is also the founder of the Tramuto Foundation, which provides grants to help individuals and organizations meet their educational and healthcare goals.

COMPANY BRIEF Healthways, Inc., (healthways.com), is a leading provider of fitness and health improvement programs, with strong capabilities in developing and managing network solutions. Through its existing three networks, SilverSneakers® – the nation's leading fitness program for older adults, Prime® Fitness, and Physical Medicine, Healthways, Inc. is focused on targeted population health for those 50 and over. With more than 13.5 million Americans eligible for SilverSneakers, over 10,000 fitness centers in the Prime Fitness Network, and approximately 30 years of clinical and operational expertise in the management of physical medicine benefits including chiropractic services, physical therapy, occupational therapy, speech therapy, and complementary alternative medicine (CAM) services, the company touches millions of consumers across the country and works directly with hundreds of healthcare practitioners and many of the nation's largest payers and employers.

Transformative Leadership

An Interview with Donato Tramuto,
Chief Executive Officer, Healthways, Inc.

Will you talk about the history of Healthways and, as you've looked to transform the company, how it has evolved?

Healthways was founded in 1981 and it symbolized, in many respects, the great American Dream in its mission to take care of patients with chronic diseases outside the hospital. It started as a disease management organization.

Disease management in the 1990s was the topic du jour. There was a lot of talk then on how care could be managed and costs brought down.

Then we realized that the same people who had things like diabetes also had asthma, and that person might also be overweight or smoking, so population health emerged. In many respects, Healthways invented the perspective of how population health could make a difference.

In 2008, Healthways launched a partnership with Gallup. Every single day since then, 500 people are interviewed across five very specific determinants – their passions, their financial makeup, their social interactions, where they live, and their physical issues. All of these determinants really came together as a means to define whether or not someone had the profile to consume more healthcare and whether or not they would have a lower or higher quality life.

Over the past 10 years, Healthways was in total population health, which is the delivery of outcomes across all demographics. It's a very noble and audacious goal.

In 2014, I became Chairman of the Board and having had the advantage of starting and running companies, I always assess the measurement of success by three parameters: Can the company be number one or two in the market? Can the company use the investments in a way that has the greatest opportunity for a positive return? Can a company deliver profits, not just to the shareholders but also to the colleagues where investments are equally as critical?

It became clear during my Chairmanship that our being in total population health was not an area in which we could win because so much of it is changing with the Affordable Care Act. To succeed in total population health, one needs to be in a private setting and not have the pressure of a publicly traded company meeting quarterly earnings.

When I assumed the CEO role, it became apparent to me that we were not going to be able to deliver on any of those parameters over the

next few years. The market was no longer looking at our offering as competitive and had lost its patience with us.

However, we had no desire to get out of population health. My first earnings call was the day I arrived and I used that opportunity to start to educate the market that there are two population health segments: total population health and targeted population health.

More than half of our business was with the senior population – the 64 and older age group. That is targeted. I knew we could zoom in on that segment and we were already demonstrating significant success with that group. Unfortunately, the market wasn't seeing that because that success got lost in the bowels of the larger organization.

Healthways recently divested the total population health business and sold it to Sharecare. They had assets we didn't have – they're private and they have the time to integrate these assets. I'm a firm believer today that the challenges in healthcare aren't about innovation but more about integration.

There has been a lot of innovation – there are more than 100,000 health-related apps out there and less than 12 percent are used, and many are saying maybe only 8 percent will be absolutely necessary going forward.

We're developing apps and technology but the key is to integrate. I'm confident that Sharecare will integrate these assets.

Our focus now will be on the 50-plus, the targeted seniors, but also fitness across the entire population.

How important was the internal communication to get your people onboard when you came in?

It was paramount. As Chairman of the Healthways Board, I knew by the end of my first two weeks as CEO what had to be done. In 2013, I sold my last company to Merck and I was two years into the completion of my three-year earn-out and I was already contemplating the notion of doing something different. At the same time, I quickly realized that I would not be able to tolerate being in the Healthways boardroom with the feeling we may have brought in a CEO who didn't know what to do because they lacked the history.

As CEO at Healthways, I had several options: one was to shut down the total population health business and in many respects, I would have arrived at the same endpoint.

But I'm a firm believer that the only way to embark down a path of successful change is to get the content right first, and we had that. We knew this business had to move somewhere else and targeted population health was the right directional course for us.

Then we had to recruit and get ambassadors, and that's the people. We had 2,600 colleagues to get onboard. I went to the board and shared with them that I wasn't going to make the decision right away because we needed to change the mind-set of the company while we explored other options.

One of the things we drove forward was the importance of empowerment with accountability. I replaced many members of my executive team because I realized their mind-set was not going to change to a transformational mode, which is critically needed in a turnaround.

Additionally I recognized I had to get the people onboard and, in order to do that, we had to change the fundamentals of the incentive within the organization. I'm very pleased to say that everyone who made their goals got a bonus check in August. Part of this was to educate them on my three financial metrics: Is it profitable? Is it scalable? Can we deliver the service in an unmatched manner?

Change without a sense of getting the content right or the people and processes right and without getting the incentives right will not hold together.

Every Friday, I send out a voice e-mail. It's about five to seven minutes long and the message helps to reinforce both the issues and opportunities before us.

I'm so proud of what we have achieved here, and not just because our stock increased nearly 120 percent within the first two months following the transaction, but because we saved hundreds of jobs.

How important is brand awareness for you?

Healthways is a well-known brand within total population health. SilverSneakers had gotten lost in the Healthways name – but the brand is so powerful because it's more than just a fitness center relationship; there are curriculums that we provide that those fitness centers have to implement.

We are allowing older adults to age in and make their later years their best years, and SilverSneakers is not only an incredible product but it's a name many seniors know.

Healthways is known very well by health systems and payers. This is why we will now re-brand the company to make sure we're reinforcing the brand value of SilverSneakers.

Will you touch on how important this particular role has been for you?

My few critics have accused me of being too passionate, too driven, and too focused.

I have failed in endeavors in life but what has carried me through is my passion, and the reality that I need to learn from those aspects.

It is about getting close to people. I don't know how we can lead today without compassion. One of my gifts in life is my ability to transition. I'm very attentive and curious so I can move from one thing to another.

My skill is my ability to emote passion and the only way to do that is to get to know people. I have a great team and a good instinct to put teams

together. I interview differently than most people. I take people back to the day they were born to understand why they are doing what they're doing. I have made very few hiring mistakes in taking this approach. The candidate is before me because they are functionally qualified. The resume does not tell me about their passion, their purpose, and their character.

Any business I have been fortunate to start or run I have learned not just about the products and their utility, but also about the people who use them.

You seem to create and operate equally as well. Do you enjoy both?

That's what I call transactional and transformation leadership. I'm not a natural-born leader – these skills are learned. What's important is the balance of transactional and transformative leadership. It's rare to find both skills in one person.

One of my disciplines is that I have known when to change the teams based on where the organization is heading. When I started Physicians Interactive in 2008, I had more transactional leaders. I was the visionary so I needed to have transactional leaders who could implement and execute.

However, what happens to many founders is that they can't let the early people go, even if those individuals don't have what is needed at the new juncture of the company's existence.

When I sold the company to Merck, we were at \$50 million in revenue and I knew I needed a larger platform. Of the team I had hired in 2008, just a few had the other skill set of transformative leadership. I stepped forward and transitioned someone out of the organization in a very dignified manner, who then started his own company and is now succeeding.

Healthcare is not in a transformative stage; it's in a turnaround stage, and a turnaround requires both transactional and transformative qualities. Many are frustrated with the Affordable Care Act because transformation takes time.

I feel I have a solid understanding of the operations at this company; I also understand my responsibility to anticipate dynamics that will impact the future.

The most important task of a CEO is hiring the right people. When I was deciding to join as the CEO, I had put together an advisory group of 12 people to help me. I didn't want to leave my last company because I had such a great team. This doesn't happen by chance. My new team has only been together for a few weeks but it is turning out to be a great one.

To really transform an organization and transact as well, the right people are imperative. Teams are built on diversity and a good leader must recognize that it is differences that produce a highly effective team.

Were you always so passionate about giving back and supporting so many causes?

I grew up in humble means but I had parents who gave to others.

I have felt that part of corporate life is to be a good corporate citizen. I'm constantly beating myself up but I believe one has to be best in terms of investments, partnerships, and teams, and in terms of being a corporate citizen.

When we started Health eVillages, I was able to recruit executives from WebMD, not because they were willing to take a risk on a start-up, but

because they wanted something more than a paycheck.

We, as leaders, have a platform. It makes no difference how much we give; however, the difference is we gave.

I didn't start Health eVillages because I believed it would benefit our corporate growth, but I was happily surprised by that.

This generation, more than past generations, has a heightened awareness of corporate responsibility and we have to make this a kinder business environment. When I launched Health eVillages, there was so much cynicism from businesspeople – half of them said it would never work, but when I hear that, I do the opposite. I feel my role has been to bring people together.

At the fifth anniversary in 2006 celebrating the launch of the Tramuto Foundation, we had 60 people; in 2011, we had 150 people; and just recently we had nearly 350 for the 15-year celebration. We had to cut off accepting any more attendees.

That speaks volumes about how this is a very powerful platform that we can use to move the needle to make the world more just and fair.

Do you enjoy the process and do you have moments when you can pause and appreciate the wins?

For me, it's always about what is next. I often reflect on individuals who have been stricken with illness and they are given a certain amount of time to live. I don't see why only those with terminal illnesses should have this information.

I have looked at my life and determined that I don't have a long time to enjoy the moment. There is so much more to be done.

When we sold the company, the board was amazed at how quickly we moved to the next opportunity. The future doesn't belong to the faint-hearted and I have believed that for a long time. It's not the outcome that I enjoy but the journey, which is more fun.

Is the word "retire" even something in your vocabulary?

No, and while I have a home in Florence, Italy, I cannot see myself relaxing there every morning and doing nothing else. I get my energy from people; the more people around me, the better. I'm always thinking about what is next and how I can impact the world.

In 2001, I was supposed to be on the second plane that hit the Twin Towers on 9/11. My two friends and their three-year-old had been with me all weekend and they got on the plane and lost their lives. That was a very defining moment in my life from the perspective of guilt that I had lived and that I had just lost two great friends and their child.

The reality for me was that, looking back 15 years, I could have stopped in 2001 and people might have been impressed by what I had already done. But in the past 15 years, I started a healthcare company and sold it very successfully. I started two restaurants and an inn and they all have been successful. In that time, I also launched two not-for-profits.

I always say that I have my Ph.D. in "worryology." My fear is that someone will wake up one day and say that my whole life was a hoax. Having lost my hearing, I still always stress to myself that there is more I can do to go beyond my comfort zone. ●