

Ted Theophilos, '79

Ted Theophilos, '79, never figured he'd turn out to be an entrepreneur, but earlier this year his new company, EngagementHealth, opened its doors with a business model that could transform America's



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healthcare industry.

His new career path follows more than twenty-five years of escalating accomplishment within the legal profession and the corporate sector. He practiced at Sidley & Austin until 1995 and then went on to high-level legal and executive responsibilities at companies including ACNielsen, E*TRADE, Palm, and Moore Wallace.

When Moore Wallace was acquired in 2003 by the Chicago-based printing giant R.R. Donnelley, Theophilos became Donnelley's chief administrative officer and also assumed overall responsibility for the company's strategic initiatives. One of his charges was to bring down Donnelley's healthcare costs, which were soaring at double-digit rates. "My team and I went through the same checklist that everyone else is going through these days to try to manage healthcare costs," he recounts. "Insurance companies, doctors, hospitals... I had been a pretty good negotiator during my career, and I figured I could knock off some dollars here and there – but it still wasn't going to make any real difference."

One item within all the data he was reviewing struck Theophilos: the fact that 75 percent of the money spent on healthcare in the United States goes for treatment related to chronic diseases that are preventable. "Last year," he explains, "that seventy-five percent added up to just about two trillion dollars." He ticks off some of the underlying causes: "Sixty-seven percent of Americans are obese. Twenty-three percent smoke. Thirty-three percent have high blood pressure. Seventy percent don't exercise regularly."

He says, "I saw then that the only way for us to deal with our healthcare costs at Donnelley was to recognize this problem, own it,

and fix it. Change wasn't going to come from the systems that respond to unfortunate choices made by individuals, but by helping individuals to make better choices."

"That way of thinking really was something I learned at the Law School," he adds. "I got my master's degree in classical languages, my thesis was on *The Iliad*. So it was at Chicago that I learned how to think about the systemic impacts of individual choices, incentives for desired behaviors, and helping to shape wiser individual decisions."

From recognizing the problem and owning it, Theophilos proceeded to begin fixing it, first at Donnelley and now at his new company. At Donnelley, he spearheaded a model of healthcare financing wholly new to large American corporations. The company, which has over 60,000 employees worldwide, self-insures for its healthcare costs and provides a very wide range of services to encourage and support healthier choices by employees and their insured dependents.

EngagementHealth, his new company, provides health insurance to organizations and also implements full-service programs within those organizations to address preventable chronic diseases. "At first I was hoping just to proselytize as a consultant," he says, "but eventually it became clear that I needed to make it into a full-service business." His firm's website, www.engagementhealth.com, explains the specific services the company offers and permits visitors to calculate potential savings to an organization from its innovative approach.

"I'm not sure I would have made the decision to start my own business if it hadn't been for all that I gained from my law school education," Theophilos says. "I'm talking not just about the analytical perspective, but also about all the experience I gained during my career that was made possible by my Chicago training. Maybe most importantly, the idea that was always communicated to us that if you think you have a better idea you can't just sit there being proud of yourself. You have to get out in the marketplace and show that it works. In this case, I think that if we don't fix this enormous problem we're heading toward bankruptcy as a country, not just financially but socially and morally, too."