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## Lumetra tweaks strategy to plug Medicare loss

San Francisco Business Times - by [Chris Rauber](#)

Lumetra, which lost a huge Medicare contract last November, is changing its name and its business model as it seeks to replace more than \$20 million in lost revenue.

The San Francisco-based nonprofit's revenue will shrink this year from \$28 million last fiscal year, ending in March 2009, to a projected \$4.5 million, CEO Linda Sawyer told the Business Times early this week.

That's in large part because it's no longer a Medicare quality improvement contractor, formerly its main line of work. And in fact, the 25-year-old company's revenue has been plummeting since fiscal 2007, when it hit \$47 million.

But the estimate for this year's top line is up from \$3.1 million last year, if you subtract the lost Medicare contract and other business that's been intentionally eliminated, she said. Meanwhile, Lumetra has changed its moniker, to Lumetra Healthcare Solutions, as it shifts to becoming a consultancy focusing on three markets: health care providers, payers and life sciences companies; government services; and patient safety services.

Sawyer took the helm in December 2008, replacing president, CEO and founder Jo Ellen Ross a few months after the Medicare contract moved to Phoenix's **Health Services Advisory Group**.

But Sawyer and President John Weir want to focus on clinical, business analytics and health information technology consulting, and they've intentionally dumped some revenue-generating units. Late last year, Lumetra quietly integrated its former Illuminys subsidiary, launched in 2006 to help doctors adopt new information technology and improve practice management, into the main company. In late September, they sold its 107-employee, Omaha-based **IntegriGuard** LLC unit, which specializes in health care fraud and abuse detection and prevention, to HMS, garnering \$5.25 million.

"We're really focusing on being one company with sound financials, and getting rid of blurred lines," said Weir.

The company — originally known as **California Medical Review Inc.** and then CMRI, before shifting to Lumetra in late 2003 — had as many as 302 employees in mid-2005, and 155 in September of last year. Now it's down to 35 employees, a few of them recent hires.

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