

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 26, 2015**

Catasys, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-31932
(Commission File Number)

88-0464853
(IRS Employer
Identification No.)

11601 Wilshire Blvd, Suite 950
Los Angeles, California
(Address of principal executive offices)

90025
(Zip Code)

Registrant's telephone number, including area code **(310) 444-4300**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure.

On February 26, 2015, Catasys, Inc. (the "Company") issued a press release announcing the expansion of its OnTrak™ program into New Jersey with one of the leading national health plans. A copy of the press release is attached as exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

In addition, the Company's has prepared a fact sheet for presentations to investors and to use for public relations. A copy of the Company's fact sheet is furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

The Company undertakes no obligation to update, supplement or amend the materials attached as Exhibit 99.1 and Exhibit 99.2. The information in this Item 7.01, including Exhibit 99.1 and Exhibit 99.2 attached hereto, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section and shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, except as otherwise expressly stated in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

No.	Description
99.1	Press Release, dated February 26, 2015.
99.2	Fact Sheet.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CATASYS, INC.

Date: February 26, 2015

By: /s/ SUSAN E. ETZEL

Susan E. Etzel
Chief Financial Officer

Catasys Commences Enrollment for Its OnTrak Program in New Jersey with Leading Health Insurance Provider

Company Expands Coverage by more than 500,000 Commercial Equivalent Lives

LOS ANGELES, February 26, 2015 /PRNewswire/ -- Catasys, Inc. (OTCQB: CATS), provider of proprietary health management services to health insurers and other third party payors, is pleased to announce that it has expanded its Catasys' OnTrak™ program into New Jersey with one of the nation's leading national health plans. The plan's eligible commercial health plan members will be covered under the OnTrak program, which includes medical and psychosocial interventions, as well as intensive care coaching over 52-weeks.

"Given the success of our enrollments, we are excited to expand into New Jersey with one of the largest health plans in the nation serving more than 20 million medical members. We look forward to working with patients in New Jersey to provide medical and behavioral treatment in a patient-centric, long-term program that provides individualized support and coaching to members addressed by our OnTrak program. Our outcomes demonstrate that overall, members who have enrolled in the OnTrak program have achieved improved health and reduced hospital admissions," said Rick Anderson, Catasys's President and COO. "Our initial focus is on improving the whole health of people with substance use disorders in order to reduce health care costs for insurers and other payors. This is a multi-billion dollar opportunity, and through our business model, we have already demonstrated greater than 50% reduction in health plan healthcare costs for members enrolled in our program. We look forward to delivering similar results in this plan and continue to focus on further expanding this program nationally; as we are with many of our other national plans."

Catasys has contracts with many health insurance providers and currently has approximately 1.8 million Commercially Equivalent Lives (CELs) covered under contracts and located in nine states, which is anticipated to allow the Company to achieve profitability once full steady state enrollment is achieved. For more information and a list of Catasys' customers, please refer to the corporate presentation posted on the Investors section of the Company's [website](#).

About Catasys, Inc.

Catasys, Inc. provides specialized healthcare management services to health plans and employers through its OnTrak program. Catasys' OnTrak program – contracted with a growing number of health insurers – is designed to improve member health and at the same time lower costs to the insurer for underserved populations where behavioral health conditions are exacerbating co-existing medical conditions. The program utilizes member engagement and patient centric treatment that integrates evidence based medical and psychosocial interventions along with care coaching in a 52-week outpatient program. OnTrak is currently improving member health and, at the same time, is demonstrating reduced inpatient and emergency room utilization driving a more than 50% reduction in total health insurers' costs for enrolled members. Catasys has contracts with many health insurance providers and currently has approximately 1.8 million Commercially Equivalent Lives (CELs) covered under contracts and located in nine states. Catasys's initial focus is on the high cost substance abuse populations, where it has incentivized health plans to spend more on behavioral health to improve overall member health resulting in lower hospital utilization and cost. In addition, Catasys is looking towards other populations and behavioral health disease conditions to expand to in the future. For further information, please visit www.catasys.com.

Forward-Looking Statements

Except for statements of historical fact, the matters discussed in this press release are forward-looking and made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect numerous assumptions and involve a variety of risks and uncertainties, many of which are beyond our control that may cause actual results to differ materially from stated expectations. These risk factors include, among others, changes in regulations or issuance of new regulations or interpretations, limited operating history, our inability to execute our business plan, increase our revenue and achieve profitability, lower than anticipated eligible members under our contracts, our inability to recognize revenue, lack of outcomes and statistically significant formal research studies, difficulty enrolling new and maintain existing members in our programs, the risk that treatment programs might not be effective, difficulty in developing, exploiting and protecting proprietary technologies, intense competition and substantial regulation in the health care industry, the risks associated with the adequacy of our existing cash resources and our ability to continue as a going concern, our ability to raise additional capital when needed and our liquidity. You are urged to consider statements that include the words "may," "will," "would," "could," "should," "believes," "estimates," "projects," "potential," "expects," "plan," "anticipates," "intends," "continues," "forecast," "designed," "goal," or the negative of those words other comparable words to be uncertain and forward-looking. For a further list and description of the risks and uncertainties we face, please refer to our most recent Securities and Exchange Commission filings which are available on its website at <http://www.sec.gov>. Such forward-looking statements are current only as of the date they are made, and we assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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Executive Summary

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Company Statistics

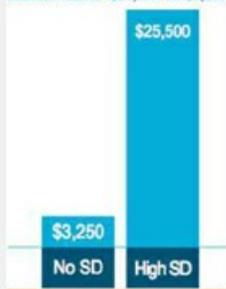
Ticker: CATS (OTCQB)
State of Incorporation: Delaware
Price: (02/18/15) \$2.20
52 Week Range: \$0.77 – \$2.20
Avg. Daily Volume (90 day): 7,215
Fully-diluted Shares Outstanding: 47 M
Market Cap: \$104 M
Float: 19.81 M

Price & volume quotes from Yahoo! Finance and other reliable sources

Company Highlights

- OnTrak program is in Kansas, Louisiana, Florida, Massachusetts, Oklahoma, West Virginia, Kentucky, Wisconsin and New Jersey
- 239% increase in recognized revenue to 370K in Q3 2014 compared to Q3 2013
- Recent customer expansion into Florida
- Q4 2014 launch with national health plan in New Jersey
- Rich sales pipeline of ~10 million CELs with ~4 million in advanced stages of discussion

Annual Claims: \$25,500 vs. \$3,250



*SD = Substance Dependent

Management Team

Investment Catalysts

Market Opportunity: \$21 Billion Problem Initial ~ \$2 Billion Opportunity

High cost health plan members with substance use disorders (alcoholics, cocaine, methamphetamine and opiate dependent individuals) cost health plans more than \$21 billion in annual incremental medical expenses. For every 1 million members in a health plan, approximately \$160 million in claims are incurred by members diagnosed with Substance Dependence, which translates to an initial \$2 billion market opportunity for Catasys. Currently there aren't any competitive alternatives to similarly address these health plan populations. Health plans are under incredible pressure to reduce costs as healthcare spending is expected to increase, and premiums are up 100% in the last 10 years. High cost substance dependent (SD) members cost commercial health plans 8 times more than other members: averaging \$25,500 annually versus \$3,250 (*see graph). Catasys works with health plans to analyze claims, identify and engage those that may benefit from the program and determine savings potential. Catasys has a projected average saving of 50% of a health plan's costs for members enrolled in its programs.

Solution – OnTrak Program: Changing the Paradigm of SD

OnTrak has demonstrated effectiveness with a 50% reduction in health plan health care cost of members enrolled in the program. The program decreases hospital days (ambulance usage, E.R. visits, etc.) through identification, engagement and treatment. Catasys treatment approach goes much deeper than current programs to address the uniquely difficult needs of this population. Some key features of the program include:

- 52 week program – To assist members over a longer period of time
- Ongoing Engagement & Outreach – To enroll these difficult to engage members
- Evidence based Treatment Protocols – To ensure high standards of treatment and the latest science
- Development of select provider networks – To reduce practice pattern variation
- Provider Training and Ongoing Evaluations – Implementing best practices
- Member Electronic Health Record – Facilitating the care plan
- Care Coach Support – 100+ Touches to support members and coordinate care – helps assess, manage and support members' recovery
- Predictive Modeling – Proactive versus reactive
- Outcomes Based – Pay for performance model
- Integrated medical and psychosocial treatment.

Superior Management Team

Our senior management team has 50+ years of combined health care experience. We have developed expertise in engaging, treating and empowering members with co-

Terren S. Peizer, Chairman, Founder & CEO

Mr. Peizer has founded other health care and life science companies, and has a background in venture capital, investing, mergers and acquisitions, corporate finance, and previously held senior executive positions with the investment banking firms Goldman Sachs, First Boston and Drexel Burnham Lambert. He is Chairman of Crede Capital Group, LLC, an industry leading Micro-Cap investment company, and Mr Peizer's personal investment vehicle. He is also Founder and Chairman of NeurMedix, Inc. Mr. Peizer also served as Chairman of Cray Inc., and has held other senior executive positions with several technology and biotech companies. He holds a B.S.E. in Finance from The Wharton School of Finance and Commerce.

Richard A. Anderson, President & COO

Mr. Anderson is one of the primary architects of the Catasys program and is responsible for the strategic development and day-to-day operations of the Company. He has a background in management, finance and mergers & acquisitions with more than fifteen years of health care experience. He previously held a variety of financial and operational senior management positions with healthcare and technology companies. He has served as a director of Catasys since July 2003 and an officer since April 2005. He also previously was a director and founding member of PriceWaterhouseCoopers LLP's, Los Angeles office transaction support group. He received a B.A. in Business Economics from University of California, Santa Barbara.

Susan Etzel, CPA & CFO

Ms. Etzel is responsible for financial planning, reporting and risk management. Ms. Etzel has over 15 years of increasing financial responsibility in both public and private companies. Previously she was a Senior Auditor at Arthur Andersen LLP and most recently worked as Controller for Clearant, Inc. Ms. Etzel is a Certified Public Accountant and holds a B.A. in Business Economics from University of California Santa Barbara.

Omar Manejwala, M.D., SVP & CMO

Dr. Manejwala is responsible for overseeing clinical affairs and leads new product development efforts. He is a psychiatrist, a Distinguished Fellow of the American Psychiatric Association and a diplomate of the American Board of Addiction Medicine. He has extensive addiction experience and a passion for integrated treatment approaches. Previously served as Medical Director at Hazelden and was the associate medical director at the Farley Center and the executive chief resident in Psychiatry at Duke University Medical Center. He graduated from the University of Maryland School of Medicine and earned his MBA from the University of Virginia's Darden School.

W. Gregory McLane, SVP, Sales & Marketing

Mr. McLane is responsible for the overall sales and marketing efforts of the company, encompassing customer acquisition, marketing strategy, market research, member outreach and account management. Prior to joining the company he led the marketing activities for Magellan Health Services and founded Optimized Benefits, Inc., a health benefits company that replaced the one-size-fits-all HMO, PPO and CDHP plans with "Life Stage" plans which address the different needs of employees at various stages of their lives. He also led strategy development and product development for CIGNA and ran consumer products businesses for Procter & Gamble, Campbell Soup and Nabisco. Mr. McLane earned a Bachelor of Science degree from The Wharton School of the University of Pennsylvania with majors in accounting and decision science, and a Masters of Business Administration from Cornell University with concentrations in management and organizational behavior.

Investor Relations Contact:

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Disclaimer: This fact sheet contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements are valid only as of today, and we disclaim any obligation to update this information. Actual results may differ significantly from management's expectations.

existing medical and behavioral conditions to modify harmful behavior.

Scalable Business Model & Competitive Advantages

Catasys has a proprietary analytics that help identify substance dependent users. Proven model has quarter-over-quarter growth as well as year-over-year growth. There is a substantial pipeline with rapid growth potential. Opportunity to expand into other high cost under-managed populations with behavioral health diagnosis including depression, anxiety disorders and more. These populations are anticipated to more than quadruple the market opportunity available to Catasys. Catasys has an 80% retention rate in its program. The company anticipates achieving breakeven in 2015.

- **Enrollment:** Catasys has had great success in enrollment. In 2013 it increased enrollment by 105% compared with 2012. For the first three quarters of 2014, the Company increased enrollment by 78% compared with the same period of time in 2013.
- **Patient Identification:** Catasys utilizes proprietary analytics to identify members who may benefit from its programs and have significant costs that can be impacted through its programs. Catasys analyses show that 91% of high cost members diagnosed with substance dependence do not have any treatment claims in the last 12 months: they are often not getting the care they need.
- **Competition:** Catasys doesn't currently have any direct competition. Managed behavioral health organizations, which administer behavioral health insurance benefits, focus on managing the cost of that benefit. They do not identify or proactively address high cost members with substance use disorders and they are not focused on total patient cost. Because most of the members that Catasys engages do not seek behavioral health services, no care is received, member health is not improved, and members continue to recur through the hospital at high cost.



Current Clients

Catasys currently has ~1,800,000 CEL's and many of its existing customers have expanded from initial launch. Catasys customers are large/national plans with large expansion potential. Both Coventry and Humana have already added additional states and lines of business since starting a program with Catasys. The Company is in talks with other health insurers about expansion.

