

QUADRAMED CORP
Form SC 13G/A
January 13, 2009

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

Schedule 13G/A
(Amendment No. 5)

Under the Securities Exchange Act of 1934

Information to be included in statements filed
pursuant to Rule 13d-1 (b) (c) and (d) and Amendments thereto
filed pursuant to Rule 13d-2 (b).

QuadraMed Corporation
(Name of Issuer)

Common Stock, \$0.01 par value
(Title of Class of Securities)

74730W507
(CUSIP Number)

December 31, 2008
(Date of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant
to which this Schedule is filed:

- Rule 13d-1 (b)
- Rule 13d-1 (c)
- Rule 13d-1 (d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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SCHEDULE 13G/A

Issuer: QuadraMed Corporation

CUSIP No.: 74730W507

1 NAMES OF REPORTING PERSONS I.R.S.
IDENTIFICATION NOS. OF ABOVE PERSONS

MacKay Shields LLC
IRS# 13-4080466;

2 CHECK THE APPROPRIATE BOX IF A MEMBER
OF A GROUP
(a)
(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware (United States)

| | | | |
|------------------|---|--------------------------|-----------|
| NUMBER OF SHARES | 5 | SOLE VOTING POWER | 3,810,744 |
| BENEFICIALLY | 6 | SHARED VOTING POWER | |
| OWNED BY | | | 0 |
| EACH | 7 | SOLE DISPOSITIVE POWER | 3,810,744 |
| REPORTING | | | |
| PERSON | 8 | SHARED DISPOSITIVE POWER | |
| WITH | | | 0 |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
Total: 3,810,744

10 CHECK IF THE AGGREGATE AMOUNT IN
ROW (11) EXCLUDES CERTAIN SHARES
Not Applicable

11 PERCENT OF CLASS REPRESENTED BY AMOUNT
IN ROW 11
33.77%

12 TYPE OF REPORTING PERSON
IA

SCHEDULE 13G/A

Issuer: QuadraMed Corporation

CUSIP No.: 74730W507

ITEM 1

(a) Name of Issuer:
QUADRAMED CORPORATION

(b) Address of Issuer's Principal Executive Offices:
12110 Sunset Hills Road, Suite 600
Reston, Virginia 20190

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- ITEM 2(a) Name of Person Filing:
MacKay Shields LLC
- (b) Address of Principal Business Office:
9 West 57th Street
New York, NY 10019
- (c) Citizenship:
United States
- (d) Title of Class of Securities:
Common Stock, \$0.01 par value
- (e) CUSIP Number: 74730W507

ITEM 3

If this statement is filed pursuant to Sections 240.13d-1(b), or 240.13d-2(b) or (c), check whether the person filing is a:

- (a) [] Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o);
- (b) [] Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c);
- (c) [] Insurance Company as defined in section 3(a)(19) of the Act (15 U.S.C. 78C);
- (d) [] Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);
- (e) [X] An investment adviser in accordance with Section 240.13d-1(b)(1)(ii)(E);
- (f) [] An employee benefit plan or endowment fund in accordance with Section 240.13d-1(b)(1)(ii)(F);
- (g) [] A parent holding company or control person in accordance with Section 240.13d-1(b)(1)(ii)(G);
- (h) [] A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) [] A church plan that is excluded from the definition of an insurance company under Section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) [] Group, in accordance with section 240.13d-1(b)(1)(ii)(J).

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SCHEDULE 13G/A

Issuer: QuadraMed Corporation

CUSIP No.: 74730W507

ITEM 4. Ownership.

MacKay Shields LLC, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is deemed to be the beneficial owner of 3,810,744 shares or 33.77% of the Common Stock believed to be outstanding as a result of acting as investment adviser to various clients. The amount deemed beneficially owned includes 814,944 shares of common stock and 2,995,800 shares of common stock issuable upon the conversion of 1,857,400 shares of the Issuer's Series A Cumulative Mandatory Convertible Preferred Stock, par value \$0.01 per share with a conversion rate of 1.6129 (the "Preferred Stock"). The percent of class is calculated based on 11,282,800 shares of common stock outstanding, which number is calculated by adding 8,287,000 (the number of shares of common stock outstanding of the Company as of December 31, 2008) and 2,995,800 (the number of shares of common stock deemed held as a result of the beneficial ownership of the Preferred Stock).

ITEM 5. Ownership of Five Percent or Less of a Class.

Not Applicable

ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON

MacKay Shields LLC, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is deemed to be the beneficial owner of 3,810,744 shares or 33.77% of the Common Stock believed to be outstanding as a result of acting as investment adviser to various clients. Clients of MacKay Shields LLC have the right to receive and the ultimate power to direct the receipt of dividends from, or the proceeds of the sale of, such securities. MainStay High Yield Corporate Bond Fund, a registered investment Company for which Mackay Shields acts as sub-investment adviser, may be deemed to beneficially own 16.48% of the outstanding common stock of the Company. New York Life Investment Management LLC, an indirect wholly owned subsidiary of New York Life and an affiliate of Mackay Shields LLC, is the manager of MainStay High Yield Corporate Bond Fund. The percent of each class owned by this person is calculated based on the amount of common stock of the company outstanding, which number is calculated by adding the number of shares of the common stock outstanding and the number of shares of common stock deemed held as a result of the beneficial ownership of the Preferred Stock by that person, without giving effect to the amount of common stock deemed held as a result of the beneficial ownership of the Preferred Stock by other persons.

ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY OR CONTROL PERSON.

Not Applicable

ITEM 8. Identification and Classification of Members of the Group.

Not Applicable

ITEM 9. Notice of Dissolution of Group

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Not Applicable

ITEM 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of such securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose of effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: January 13, 2009

Signature: /s/ Rene A. Bustamante

Name/Title: Rene A. Bustamante
Managing Director and Chief Compliance Officer