

Health advocacy market swells, offering advisers host of options for employers

BY ROBERT L. WHIDDON

Over the last seven years the eponymous Health Advocate has become a dominant force in the burgeoning field of businesses offering consumers assistance when navigating the complex, nay Byzantine, health care matrix. The company services more than 10 million Americans and has expanded beyond its core advocacy solution to offer wellness programs, benefits integration, enrollment and other consulting services. Its breadth and comprehensive suite of offerings might lead an adviser to conclude they have saturated the market, yet it is easy to find employers unaware of the company and its service proposition. The company's shadow has proven fertile ground for other varieties of health care advocacy services.

PROFILE OF ADVOCACY RISING

If you haven't heard the names Health Advocate, PinnacleCare, Healthcare Liaison, HealthCare Advocates and Patient Care you should look them up. They are showing up more frequently in titles like *Newsweek* and the *San Francisco Chronicle*. Employees and employers are taking notice.

Many benefit managers salivate when they hear of a service to extract not only themselves, but also their employees from the productivity-sapping weeds of understanding care offerings and options. Still the service is not a fit for every company.

Health Advocate was a fit for Annette Eitan and her employer, The CNA Corp.—an Alexandria, Va.-based

non-profit research organization. CNA learned of Health Advocate as it was shopping the market for a new broker. One suitor included the company as part of its packages of offerings. Eitan (who manages compensation and benefits for CNA) and her company picked another broker, but chased down Health Advocate regardless.

After some due diligence the two inked a deal in the summer of 2005. For Eitan it came down to finding some help for herself and her employees.

"We were spending a lot of time helping employees deal with their issues, whether it's claims or network issues, with the various providers and things like that," she says. It was taking too much time and the time it took was valuable. Almost 75% of CNA's staff have PhDs. "They are pretty highly paid," Eitan says, adding that "we all know that the only time you can make these calls is during business hours."

SOME PEOPLE LIKE THE WEEDS

Another value Eitan saw was privacy.

"With HIPPA you don't really want to be involved with [workers] private health information," she says.

HealthPass' Vince Ashton agrees, saying that the spectre of medical privacy litigation may prompt brokers to consider health advocacy services as less of a value-add for clients and more of an essential element of prudent client engagement.

"For an employer sometimes the [less] information you have about a particular health issue that someone has [the better off you are]," says

Ashton, executive director of the New York organization. HealthPass (a Health Advocate client) is a partnership between the New York Business Group on Health, New York City and several carriers, offering small businesses a choice of coverage for workers.

After Eitan shared her experience with Health Advocate at a gathering of benefit managers, some questioned whether getting out of the weeds would leave them blind to the trouble spots in their company's benefits programs.

"I don't have time to be in the weeds," she says. "If I could, I would. We are a very hands-on organization. These things can be extremely time consuming. I don't think I would be nearly as effective or efficient as someone like Health Advocate is."

Health Advocate understands the concern about feeling disconnected.

"To just deal with problems and not then get to the root of issues is obviously not as valuable in the long run," says Martin Rosen, president and co-founder of the company. "We keep very, very close track of what we're doing." The company categorizes calls it receives, giving it the ability to identify trends and suggest changes. "We're constantly providing insight to our clients and we're helping to provide advice for clients where we have the information and data," Rosen says.

While it sounds like Rosen is describing a good benefit adviser's turf, the company says it's not trying to replicate or replace existing service providers. He echoes Eitan's comments, saying that not only do many

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advisers sell his company's services, but also some buy it and embed it into their value equation for their clients, which is what HealthPass has done.

There is a movement among progressive brokers to get more and more involved in medical management and other heretofore untapped employer problems. Some advisers hire clinical professionals—like medical directors and registered nurses—so that they can navigate the terrain and gain fluency. Rosen agrees his company has spread the advocacy message. He disagrees with the contention that Health Advocate is spurring the benefits brokerage community to adapt and evolve into an advocacy model.

"I'll say some brokers are capable of doing this," Rosen says, warning that brokers are not a "monolithic" group. "Most of the brokers, they earn their money selling things and marketing. Whether they can do this or not, it's not efficient for them," he says.

PLENTY OF COMPETITION WITHOUT BROKERS

Health Advocate may not be feeding off challenges from the brokerage community, but they are facing them from a host of new advocacy providers. Many

appear to be striving for a boutique business model, focusing on a narrow band of clients.

Joanna Smith's Berkeley, Calif.-based Health Care Liaison charges \$150 an hour, without a minimum commitment, and works independent of the client's employer health coverage, employee assistance plan, or other benefits. That type of independence resonates, says Smith, who launched her firm in 2005.

"By the time people come to my company there are several issues going on. One of which may well be that they are cautious about advice received through other types of systems," Smith says. "They like the fact that I work totally independent of those systems. My only allegiance is to them directly."

Ashton agrees, but he says that independence can be achieved even when contracting for health advocacy services on behalf of a large group instead of one-on-one.

"I do think there is a value to being neutral...separate. [Health Advocate] is a third party who we work with. They are not tied into the insurer they are not tied into the employer. They are a completely separate, confidential resource for employers to use. It's got to

be positioned that way," Ashton says.

Smith focuses on the San Francisco and Seattle metros and is a booster of the regional, high touch model. Her face-to-face consultancy seems anachronistic, but she insists it's what consumers want.

"I can tell you when someone is in the middle of a complex medical situation you do not need someone on the phone, you need someone face-to-face. Yes, it is an older model, but it works," she says. Regional expertise, she also notes, does not travel well. The internal medical systems in the Bay Area are very different from those in Atlanta, Chicago and New York. The issues seem the same but solutions don't convey.

"They are so different all over the country," Smith says, adding that her intimate knowledge of the local medical groups and the hospitals sets her firm apart. "It's very, very different from a national company that may not have that kind of contact."

In addition to building her own firm, Smith is trying to grow the ranks of independent advocates. She developed, what she calls, the first credentialing program for private health care advocates. The first workshop was held in Oakland on October 27. **EBA**

Sophisticated health planning

While Health Advocate may be the populist choice for small, medium and very large employer-based services, PinnacleCare appears to be a leader at the other, much more exclusive end of the market.

Its service offering may resonate with those brokers and advisers familiar with the complexities of high-end financial planning.

"If there was any comparative model it's private asset management, private banking. And we're doing the same thing on the health side," John Hutchins, managing director of Baltimore's PinnacleCare, says.

Hutchins says that there is a tendency for people to want to simplify the process of health advocacy.

"The people who comes to us... may have been damaged or may have had a situation that is very complex and so... the plan is: A, what's the problem and what are the best solutions," Hutchins says, adding that his firm doesn't just offer a solution. We give every solution that's available," he says.

The firm may prove a good fit for advisers discussing LTC executive benefits and other C-suite programs. Engagements usually run from \$8,000 to \$40,000 annually for family coverage. The firm will coordinate its services with existing coverage, as well.

Hutchins notes that even the wealthy are mindful of the cost and value of good insurance coverage.

For more information visit www.pinnaclecare.com.