

MANAGED CARE WEEK

Timely Business and Financial News of the Managed care Industry

Former Aetna Execs See Growth in New Patient Advocacy Company

For some, it might be hard to get past the irony. Here's a company that helps patients navigate the managed care system, launched by former executives of the company some regard as most notorious for making the managed care system hard to navigate.

For others, though, Health Advocate, Inc. shows the success a patient advocacy model can find in an era when patients are being asked to take on more responsibility than before.

"Our primary purpose is to solve productivity issues in the benefits world for employers," says co-founder Arthur Leibowitz, M.D., the firm's executive vice president and chief medical officer. Leibowitz was the chief medical officer for Aetna U.S. Healthcare, whose medical management practices helped give rise to the term "hassle factor."

"Employers, at whatever pace, are ultimately trying to put more decisions on the shoulders of consumers, obviously hoping they'll use benefits more wisely," Leibowitz says. "The truth is that the typical consumer is totally ill-prepared to do that."

Health Advocate based in West Conshohocken, PA., was founded in fall 2001 with the goal of helping employees focus on work by assisting them with resolution of health and benefits-related issues.

According to the firm's model, an employee with a problem can call a Health Advocate nurse who is backed up by a group of medical directors. After a brief conversation with the enrollee, the nurse can say, "You go back to work and we'll work on this issue for you."

The idea is catching on, if the client rolls are any indication. Health Advocate began enrolling clients in January 2002, and now has 50 employers with 80,000 enrollees and dependents.

Employer Size	Average Annual Premium Cost, Single Enrollee	Average Annual Premium Cost, Family	Average Percentage of Premium Paid by Employee*
Less Than 100 Employees	\$2,907.22	\$7,996.14	32.33%
101-500 Employees	\$3,339.52	\$8,898.72	23.07%
501-5000 Employees	\$3,271.88	\$8,044.92	26.33%
More Than 5,000 Employees	\$2,989.68	\$7,245.65	18.01%

*Includes average of single and family percentages.
 SOURCE: AIS's Report on Managed Care Purchasers, July 2002, (800) 521-4323

The firm has three types of clients, Leibowitz says.

(1) Clinical assistance. About 33% to 40% of Health Advocate's enrollees need assistance in using the health care system. A patient might need help understanding a provider's advice or want a second opinion on a physician's diagnosis.

Leibowitz says he initially thought much of the firm's work would be in linking patients with national medical centers, for example, to help an enrollee find the ideal place to get a brain transplant. While Health Advocate nurses do spend time helping patients find centers of excellence, "we do a lot of what you would consider to be less esoteric stuff," he says.

One patient said she had had a headache ever day for two months had seen nine physicians, who offered diagnoses ranging from a disc problem to muscle pain. "She never actually saw any physicians who are headache specialists," Leibowitz says. "The ultimate irony was that each [physician] had been paid for under health benefit and had tests paid for by the health plan." Health advocate sent her to a neurology group, which found that she had cluster headaches, a variant of migraines. "In two visits she was headache-free," he says.

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One-Third Need Claims Assistance

(2) Claims and benefits issues. Another third of enrollees need help understanding and accessing benefits, resolving claims issues and finding the most efficient way to use their health plan. A classic example, Leibowitz says, is a patient who doesn't understand the difference between in-network and out-of-network services, and racks up a \$24,000 bill for a hospital visit. Health Advocate can help the patient resolve his bill by negotiating on his behalf with the health plan and providers.

(3) Needs outside the health plan. The last group of enrollees needs assistance finding resources not covered by an employee benefit plan. One woman contacted the company to ask for help caring for her husband, who recently had a stroke, so that she could maintain her job. A Health Advocate nurse helped her cobble together adult day care, transportation and other resources.

Health Advocate bills its services through an IRS Section 125 voluntary benefit. Small companies might purchase services at an hourly rate while larger ones are billed on a per-member per-month basis. Some

companies opt to filter problems through the human resources office, passing on only the ones it can't handle in-house. The per-member per-month fee averages about \$3, although it might be lower for larger groups.

To sell its services, the company makes the argument that it helps employees be more efficient at work. It has calculated savings, estimating that its staff is three to seven times more effective than a typical consumer or human resources staff member might be.

In some areas, Health Advocate is sold by brokers, and elsewhere the firm develops relationships directly with insurers. It's a commissionable product, so brokers can sell it as a complement to other services.

Leibowitz says the firm's interactions with insurance companies have been positive. "Reception has been good. We're not a threat to anybody. We have as much a role explaining where health decisions were correct as where they weren't," he says. "We're far more effective in dealing with [insurers] because we understand the business."

Call the firm's Martin Rosen at (610) 567-3064.