

MARKETPLACE

THE WALL STREET JOURNAL.

TUESDAY, JANUARY 28, 2003 B1

Ex-Aetna Brass Help Patients Navigate Health-Insurance Maze

By **BARBARA MARTINEZ**

SITTING IN A makeshift office here that used to be a warehouse, Abbie Leibowitz complains about Aetna Inc.'s denial of payment to his client, a woman who underwent breast-reduction surgery to alleviate severe back pain.

Aetna says it won't pay because the doctor didn't remove the minimum amount of breast tissue that Aetna requires. Dr. Leibowitz is appealing to a state external-review panel, arguing that when it comes to small women, the way Aetna is applying its policy is flawed.

He should know: He wrote that policy when he was Aetna's chief medical officer in the 1990s.

Now Dr. Leibowitz has a new job. He and other former Aetna executives created a company called Health Advocate, which helps patients maneuver through the denials, disappointments and dread caused by health insurers. "Who better to deal with the system than the people who created it?" says the white-haired physician, who is chief medical officer of the new company.

Health Advocate sells its services to employers, not individual patients. For less than \$3 a month per person, employers can use Health Advocate's services to keep their employees working rather than on the phone arguing with their health insurer.

Already, 108 firms have signed up, including Westinghouse Electric Co. LLC, drug maker Cephalon Inc. and retailer Deb Shops Inc. The half-dozen Westinghouse employees who have used Health Advocate's services "have been pleased, even relieved," says Cheryl J. Melinchak, who works in Westinghouse's human-resources department.

The folks at Aetna say they aren't sure why employers need such a service. "Responsible health plans, like Aetna, already provide most, if not all, the services sold by these organizations," says Roy Clason, an Aetna spokesman. Health plans, he says, "have a vested interest in getting patients to the right place the first time."

But the \$1.3 trillion health-care system is so vast, with so many rules, that some

patients need help navigating it. That was the case for Elizabeth McKenty, a 44-year-old Philadelphia librarian who had a hole in her heart. In 2001, her health insurer, Independence Blue Cross of Philadelphia, kept denying her coverage for a less-invasive heart surgery to close the hole. Instead, Independence was willing to pay for more expensive, riskier open-heart surgery.

Dr. Leibowitz pored over Ms. McKenty's medical file, as well as the Food and Drug Administration's guidelines for using the less-invasive technique called a Cardioseal. He determined that Independence's denial -- it said Ms. McKenty wasn't a candidate for Cardioseal because she hadn't had multiple strokes -- was wrong since Ms. McKenty had suffered several strokes.

Independence says it cannot comment on Ms. McKenty's case because she didn't waive her confidentiality rights.

Dr. Leibowitz doesn't think Independence was denying Ms. McKenty the Cardioseal on purpose -- especially since it was much cheaper than the open-heart surgery that Independence was willing to pay for. It's an example, he says, of how the system is so complex that not every case gets the detailed attention it deserves. Denials, he says, tend to go out as form letters, and sometimes they are wrong.

Ms. McKenty says that while she was battling Independence she feared for her health. "It's hard to sleep at night when you think you might have another stroke or die," she says. She adds that she spoke to lawyers and the state insurance commission, but Dr. Leibowitz was the only one who successfully argued her case.

Most of the time, Health Advocate simply contacts the insurer to ask it to correct a mistake. Less frequently, it sends a formal letter of appeal and, even less often, testifies at an appeal hearing. It hasn't been involved in any suits over treatment decisions, which are difficult to file under current law.

In about a quarter of Health Advocate's cases, claims are denied because the patient's doctor filled out a form with the wrong coding. And 30% to 40% of the time the patient isn't entitled to his or her request under the

insurer's policy, so Health Advocate doesn't press these. It says it does win about 80% of the cases it pursues, which also can involve employees' dependent children, parents and in-laws.

Having been an insider, Dr. Leibowitz insists that there are no secret policies at Aetna or other insurers to deny claims multiple times in the hopes that patients and doctors will give up.

Still, he and his partners aren't proud of every aspect of their creation while at Aetna. "I do regret the referral process," says Michael Cardillo, president of Health Advocate and the former president of Aetna. He's referring to the permission slips that a primary doctor gives a patient to see a specialist. "Some level of flexibility early on could have alleviated a lot of the problems," he says. Aetna has since eliminated many referral requirements.

In February 2000, with Aetna's stock plummeting and relations with physicians growing contentious, Aetna's board ousted its chairman and chief executive, Richard Huber. Soon, Mr. Cardillo, Dr. Leibowitz and other executives left under pressure.

They and a handful of other former executives would get together weekly to toss around ideas, finally settling on a business to help people navigate the health-care system. They began meeting with the same employers who were their customers at Aetna. The Health Advocate founders deny that their new business represents any retribution against Aetna.

Today, closely held Health Advocate has almost 40,000 members. Dr. Leibowitz says the 14-employee company, which faces several competitors, needs about 70,000 workers enrolled to break even.



Abbie Leibowitz