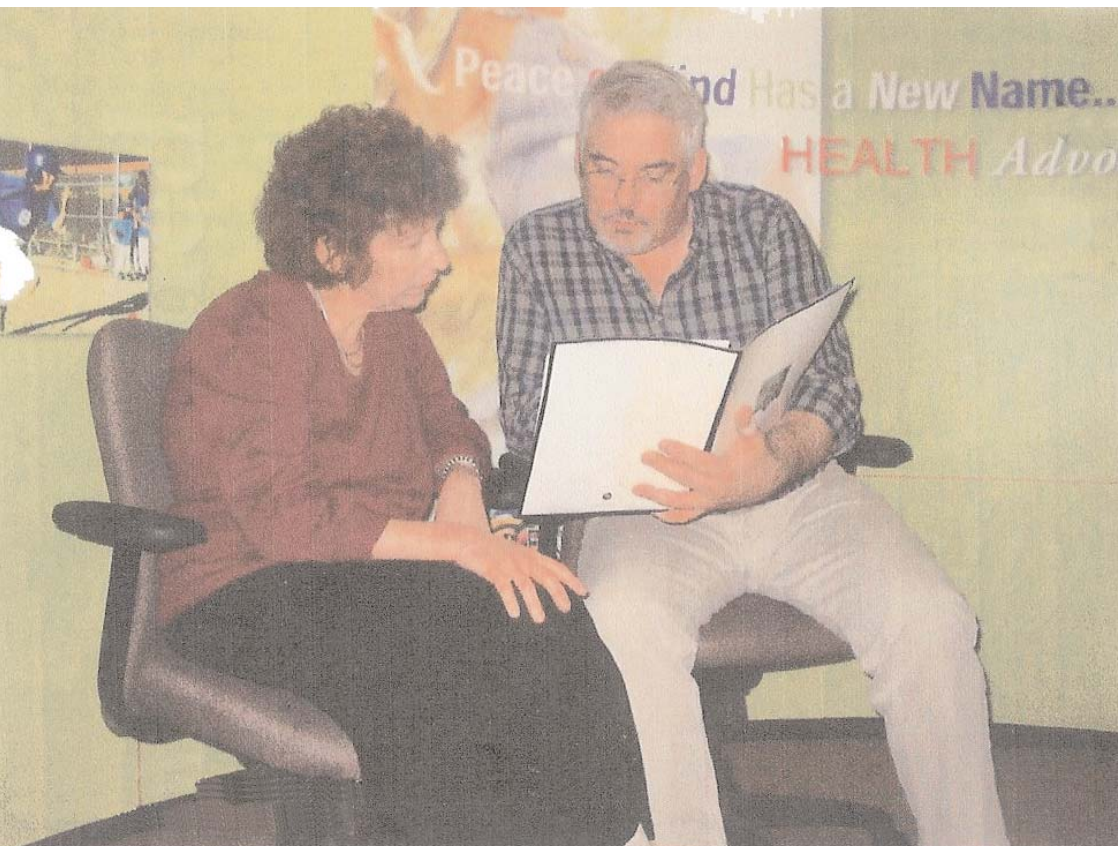


## Benefits: A Special Report



**Mauree Miller and Ed Hampson, personal health advocates with HealthAdvocate, review materials.**

# Healthy Backing

**COMPANIES ARE BEGINNING TO CONTRACT WITH A NEW KIND OF PROFESSIONAL – THE HEALTH ADVOCATE – TO HELP EMPLOYEES TACKLE THE COMPLEXITIES OF HEALTH CARE.**

BY: ED SILVERMAN

Last year, an employee at Vernon Hills, Ill.-based Tetra Pak USA Group was approved for a needed back surgery. The employee submitted all the required forms to the insurer. But at the last minute, the surgeon brought in a different assistant who wasn't certified by the Missouri Board of Health. As a result, the employee later received an \$800 bill for the assistant's services.

"It was a mess," recalls Michael Tovar, the company's compensation and benefits director. "But that's why we use a health-care advocate. It can take a lot of time to sort out such problems. Instead, the firm we used jumped in, clarified the situation and got the health-care provider to write it all off. And it only took a

week or so for that to get straightened out."

Similar descriptions of the growing blizzard of health-care claims are not unusual.

As health-care coverage gets more complicated, more companies and their employees are struggling to cope. For instance, 61 percent of employees and 26 percent of employers last year told Lincolnshire, Ill.-based Hewitt Associates that having access to advocates to resolve disputes with health plans is a high priority.

Not surprisingly, a cottage industry is springing up to address this problem.

Over the past couple of years, a small but growing number of firms have been actively promoting themselves as health-care advocates, able to navigate the choppy waters of the nation's health-care industry. The

# Benefits: A Special Report

**“This service can provide productivity savings for HR employees who don’t have to do this work. And it keeps employees focused on their jobs...”**

goal is two-fold: to allow human resource professionals to focus on their primary jobs and to enable distracted employees to return to work.

“Health-care delivery has become a large, drawn-out process, which is rarely designed with the consumer in mind,” says Vincent Ricciardi, who ruins American Medical Consumers, an advocacy firm based in La Crescenta, Calif. “And this creates problems. We’re here to fix those problems.”

Of course, many companies, big or small, most likely already employ someone who’s capable of tackling many, if not most, of the problems that crop up. In most instances, these are the benefits administrators. Health-care advocates, however, point out that it can be expensive for a company to use a staff member for that purpose. They also maintain it’s not always effective.

As pointed out by Abbie Leibowitz, co-founder of Health Advocate, based in West Conshohocken, Pa., corporate America is increasingly trying to do more with less. So why divert a human resource staff member, or hire another one, to spend endless hours on tasks that a specialist can resolve?

“There’s a huge number of things that fall on the desks of human resources already,” says Leibowitz, a pediatrician and former chief medical officer at Aetna U.S. Healthcare. “This service can provide productivity savings for HR employees who don’t have to

do this work. And it keeps employees focused on their jobs, which is what they’re supposed to be doing, not dealing with claims.”

## Hard to Measure

Certainly, the claims process in an Achilles heel for the health-care industry.

Consider the following: The majority of coverage disputes between patients and managed-care plans involve deciding medical necessity, the scope of covered benefits and out-of-network care, according to a recent study in the Journal of the American Medical Association. The enrollees won more frequently when filing appeals for medical necessity than out-of-network or contractual coverage – 52.2 percent versus 35.4 percent. What’s more, appeals were concentrated among relatively few services and among therapies that are generally regarded as nonessential.

Meanwhile, a recent survey of 300 technology officers by the Healthcare Information and Management Systems Society found that nearly 60 percent said using technology to cut mistakes will be their top priority over the next two years. That’s up from 40 percent last year.

And a survey conducted by the Kaiser Family Foundation and the Harvard University School of Public Health in 1999 found that 66 percent of doctors and nurses reported contacting a health plan on behalf of patients outside

of routine requests for referrals. Given physician workloads, it’s unlikely such calls can continue to be made.

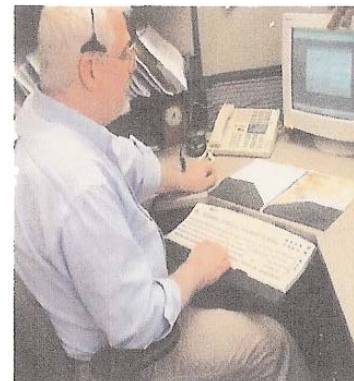
Health advocates say they have the experience and wherewithal to battle the billing bulge caused by mistakes and recalcitrant bureaucrats. For the help, they typically charge a fee each month based on the number of employees. Larry Gelb of Care Counsel in San Rafael, Calif., for instance, says that works out to between \$2 and \$2.50 per employee.

But how do human resource managers know they’re getting their money’s worth?

“Improving productivity is a soft measure,” says Gelb. “And employee satisfaction is difficult to quantify. But by taking on this responsibility, we allow the human resource department to focus on its core activities – training and staffing. Let’s face it, if you don’t roll up your sleeves and deal with health care each day, it can get very tricky.”

Tetra Pak’s Mike Tovar agrees. As he sees it, he would have to spend up to \$50,000 a year on a benefits specialist who would shoulder the workload that is, instead, handled by CareCounsel. But his bill to the health advocacy firm was less than that.

“Look, I’ve got 4,000 or so participants in the company’s health-care plan, when you include not just employees, but also their dependents,” says Tovar, whose company



Ed Hampson of Health Advocate checks the members’ database.

makes packaging materials. “Do I want my people knee-deep in fighting all the battles that can come up? Yes, there’s a lot of soft money in determining the savings. But imagine all the resources needed to do that.

“In the end, it became a no-brainer. When an employee would hit a brick wall calling the insurance carrier, they’d call human resources, but we didn’t have the people power. It took almost a full-time person just to deal with all the claims.”

According to Jane Cooper, president of Patient Care, a year-old advocacy firm based in New Orleans, it takes an average of roughly four hours of employee time – from start to finish – to cope with a dispute of some sort.

That’s the equivalent of one-half of a work day of lost productivity.

“What company would want their employees spending their time that way?” says Cooper.

Or as American Medical Consumers’ Ricciardi puts it: “The sooner you can get your employee’s head screwed on

# Benefits: A Special Report

**“The sooner you can get your employee’s head screwed on with [his or her] job, the better off the company is.”**

with (his or her) job, the better off the company is.”

Many of the claims that health advocates handle, however, are routine. Gelb, for instance, says something as dramatic as a denial of care amounted to just 3 percent of all the cases his firm handled last year. By contrast, a claims problem involving choosing a specialist or some other benefits issue accounted for 29 percent of his calls.

One human resource manager, who looked at health advocates as a way to resolve health claims, agrees that the service is useful, but quantifying the savings can be difficult.

“That’s a very important issue when you’re trying to sell the service to other corporate executives,” says Barbara Johnson, human resource manager at SunGard, which is based in Wayne Pa., and provides financial and computer systems to Wall Street firms. “With a service like this, it can be hard to quantify.”

## Help With HIPAA

Health advocates argue they provide a meaningful service for another important reason – this spring, the patient privacy regulations written into the Health Insurance Portability & Accountability Act of 1996, or HIPAA, went into effect.

The law affects nearly every company, because the threshold for compliance is low - \$5 million in annual health-care

claims. A company with just a few hundred employees will easily exceed that level, according to the advocates.

This means that human resource staffs could find themselves in the uncomfortable position of knowing more than they want to or should about an employee’s health status whenever they assume the role of advocate. HIPAA requires that only a small and select group of people have access to delicate information.

“Let’s say I’m an employee with a problem that hasn’t gotten resolved by calling the insurer or whomever,” says Gelb. “The minute I call human resources with a problem and ask for help, my information becomes identifiable, and instead of (my) being protected, the privacy is compromised.”

And with more than 1,400 pages of regulations to follow, making a mistake can be easy. For those who slip up, they face the prospect that HIPAA makes it a federal crime to release confidential patient medical records to unauthorized third parties, even if accidental or inadvertent.

“This is very significant, because employers don’t want to know about the issues affecting their employees,” says Leibowitz. “Because if they do, they assume responsibility for protecting patient privacy issues.”

As Ricciardi puts it: “Human resources isn’t – or shouldn’t be – interested in

seeing such things.”

As he and others maintain, it’s far easier for them to call a provider or insurer to argue a patient claim than expose the company to liability by having the internal human resource staff pore over the details of the employee’s file.

For example, imagine an employee who’s been cited repeatedly as a poor performer, but was having a mental-health issue. What happens if the employee turns to the human resource staff for help with coverage? Suddenly, the employer knows more than it wants and its ability to take action against a poor performer is seen in a different light.

Or what if an employee with a bad heart wants to know why a certain medical test isn’t covered? Again, the employer would know about an employee’s health when the information would otherwise not be known. Privacy is breached and the ramifications about the use of the information are troublesome.

When all is said and done, it appears HIPAA is something of a full employment act, not just for lawyers and consultants, but also specialists who know how to maneuver through the health-care system.

Yet as Patient Care’s Cooper also points out, it’s not just HIPAA.

Consider the continual wrangling in Washington to revamp Medicare. The different proposals are likely to fur-

ther complicate health-care workings.

“It’s hard to argue that the health-care system doesn’t continue to be very expensive or very complex, especially with some of the government programs being proposed,” says Cooper. “So the opportunity – and the need – for advocacy will continue for quite some time. I just don’t see any silver bullet that will simplify health care.

*Send questions or comments about this story to [hreletters@lrp.com](mailto:hreletters@lrp.com)*