

# CRAIN'S

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## Patient advocates fit the bill

*Contract with firms to help employees navigate health system, resolve problems*

By HARRIET EDELSON

Earlier this year, Jim Day, a programmer/analyst with Manhattan-based Sony BMG, tried repeatedly to convince UnitedHealthcare to reimburse approximately \$2,000 that he spent for his daughter's vision therapy.

The company refused to pay. Frustrated, he telephoned his human resources department, which referred him to Health Advocate Inc., a three-year-old firm that helps consumers navigate the health care system.

Mr. Day spoke by telephone to a registered nurse. "It got the bill paid," he says. "Health Advocate absolutely had some clout, some power, some contact to get the job done."

### Costs and complexities

Health Advocate is one of a new breed of companies called patient advocates, which contract with employers to help their workers negotiate with insurers for money, care and service.

The early success of the patient advocates, several of which are expanding into New York, is a sign both of the complexity of the \$1.3 trillion U.S. health care system, and employers' worry that holding down health care costs has created too many hassles for their staffs.

"Companies are walking a thin line between the need to constrain the double-digit inflation of health care costs and making sure that employees get decent care," says Arthur Levin, director of The Center for Medical Consumers, a New York-based nonprofit that promotes informed decision-making.

Not surprisingly, insurance companies say patient advocacy services are unnecessary. "We don't believe that there's a need for (third-party, patient

advocate services) with employers that use Aetna," says Dr. Marjorie Schulman, the insurer's senior medical director in New York. Electronic claims submissions by health care providers have decreased the error rate, she says. She cites a 90% drop in claims and coverage questions at Aetna during the past five years.

UnitedHealth Group, parent of UnitedHealthcare, has added in-house advocates to help answer consumer questions. "We want to solve problems ourselves," says Andy Slavitt, chief executive, consumer solutions, for the parent company.

### Three major players

Of the three major patient advocates, Blue Bell, Pa. based Health Advocate, founded by former Aetna executives, is growing the fastest in New York City. The company has 25 local clients and serves nearly 40,000 people here. A smaller company, CareCounsel of San Rafael, Calif., aims to expand into Boston and New York. The third major player, Patient Care, is based in New Orleans and serves mostly Midwestern clients.

Large companies that hire patient advocates see their services as a relatively inexpensive way to help employees and take some of the burden off HR staffs.

For instance, Bertelsmann spends \$4,000 to \$5,000 for medical coverage per employee per year; the company's contract with Health Advocate costs only \$1.25 per month for each employee, and \$1.85 for retirees. "It's still peanuts compared with the cost of medical care for a company," says Susan Fegan, vice president, corporate benefits, at Bertelsmann.



SUSAN FEGAN, Bertelsmann's VP of corporate benefits, says the costs of hiring a patient advocate are worth it.

The patient advocate firms got a boost in 2003 from the U.S. Health Insurance Portability and Accountability Act, which forced HR departments to document each time that employees talked to their staffs about insurance problems. Rather than risk breaching confidentiality, employers are turning over the job of running interference to a third party.

"We go to bat to negotiate on behalf of the patient," says Dr. Abbie Liebowitz, Health Advocate's chief medical officer. Though patient advocates do many things, including helping consumers obtain medical information, select specialists and find care for aging parents, the largest number of their calls come about claims problems.

Health Advocate doesn't promise to save firms money, says Dr. Liebowitz, but it can cut employee medical costs by helping them find physicians within the network and obtain mail-order drugs.

Marjorie Donnelly, a senior vice president at Manhattan-based insurance broker Frenkel Benefits, used Health Advocate to aid her aging mother-in-law, who had fallen. "Health Advocate helped to steer her in the right direction and asked the right questions, and provided follow-up," says Ms. Donnelly.

Her 76-year-old mother-in-law found that she was eligible for home health care and Meals-on-Wheels while recovering at home. ■