

Helping Hand Navigates Healthcare Field for Workers

By: Elizabeth Bennett

Moriah Mixon had a stroke last February and is working her way down the long road of recovery.

It's a tough road -- physically and mentally demanding -- and the last thing Mixon needs is to spend energy ironing out issues with her insurance company.

Fortunately, she has Health Advocate to take care of it. The Blue Bell-based company is hired by employers to help workers get things done within today's monstrously complex health-care system.

A member of the management team for regional convenience store company Wawa Inc., Mixon has good health coverage, but her complicated schedule of physical and occupational therapy means lots of claims and lots of opportunities for her to fall through the bureaucratic cracks. That's where Health Advocate's work begins.

The company was founded in 2001 by the former top management of Aetna U.S. Healthcare, including its former president Michael Cardillo, who is now president and CEO of Health Advocate. All the founders had been up close and personal during the emergence of managed care and left Aetna when it was in the throes of "dramatic management change," according to Abbie Leibowitz, a founder of Health Advocate and its executive vice president and chief medical officer.

Each client is assigned a personal health advocate. Mixon's advocate, whose name is Carol, "helps with the bills that I'm unsure of, whether to pay or not to pay," she said, adding that the service has def-

initely saved her money: "Without her I'd be paying bills that I don't have to pay."

A registered nurse like all the company's personal health advocates, Carol also brings Mixon an intangible benefit. She calls and asks how she is doing and if there is anything she can do to make her rehabilitation easier.

This kind of service was part of what the founders of Health Advocates had in mind when they opted to use nurses and not just administrators.

"Over time, we've built up a certain predictability," said Martin Rosen, executive vice president and chief marketing officer for Health Advocate and another founder. "Our nurses, given their training and given their empathy, create our ability to generate trust."

Health Advocate offers both administrative and clinical assistance. On the administrative side, there is help with "bills, claims, benefits appeals. The largest single group of that is billing problems," Leibowitz said.

Altogether, about a quarter of the company's business consists of helping people with straightforward claims problems. Another quarter is on the clinical side, helping people find a doctor for common problems, which is not as simple as it sounds, given that health-care providers may not have the time to help their patients explore every avenue. The rest of the business consists of more anecdotal services.

The company's growth speaks to the need. According to Rosen, the company had 60,000 clients

Health Advocate: Healthcare help

by the beginning of 2003. By January 2004, the number had reached about 300,000 and is now between 600,000 and 650,000.

Nearly 700 employers have signed up. Besides Wawa, they include the Tasty Baking Co., Sovereign Bank and Cozen O'Connor locally and CBC, Viacom, Phillip Morris and Bertelsmann Media Worldwide nationally.

"We started with no revenue and we'll finish 2004 with about \$7 million in the company," Leibowitz said. "Because of the way business comes in, with the run rate, we'll be up around \$16 [million] or \$17 [million] a year from now. ... The five founders have invested our own funds. We worked for about three years without drawing any salary and, in July, we began operating in the black."

For Wawa, hiring Health Advocate was a response to a health-care system that is shifting more responsibility onto the consumer or, in other words, the employee. Stephanie Carpaccio, director of benefits and risk management for Wawa, said she thinks that Health Advocate can help employees understand their role in keeping health care affordable.

The feedback since Wawa began offering this benefit has been positive, Carpaccio said, which is important given that Wawa picks up the entire tab.

Moreover, Carpaccio has first hand experience. Her mother-in-law had been diagnosed and treated for colon cancer when another possible malignancy was spotted on her lung. The doctors said it would be six weeks before she could see an oncologist, but Health Advocate was able to get her an appointment in 10 days.

The benefit resides with the employee and can be used for any family member. Carpaccio thinks personal health advocates can find these appointments because they know how to ask.

On the other hand, employees "sometimes need a dose of reality, too," Carpaccio said. "Not every-

thing should be covered by an insurance company. We're getting out of the age of entitlement."

Rosen makes a similar point.

Health Advocate not only helps consumers, it can help employers by finding more efficient care and help insurance companies by explaining to a befuddled client exactly why a claim is being rejected. The theory is that people are more prone to accept an outcome if they understand it.

"I think the phenomenon of what we do is ecumenical. It cuts across all sectors," Rosen said. "We do something that is very unique. We have proprietary information systems which enable us to amass data."

For now, Health Advocate, which has 60 employees, has virtually no competition, although there are individual nurses and doctors who act as advocates, and perhaps a few small companies and partnerships.

The company expects to grow to 100 employees within a year and is moving this month from 8,000 square feet in Blue Bell to 18,000 square feet in Plymouth Meeting, with an option on 12,000 square feet more.

"Productivity is one of the key drivers. ... Second, what is clearly helping is that when employees face these challenges they are time consuming and costly to employers," Rosen said. "Consequently, employers want to demonstrate that they're good employers, offer value-added benefits, enhance benefits and make some of the benefits they have work better."

A third driver that has fueled Health Advocate's growth is its "ability to help save on costs," Rosen said.

"In an area where employers increasingly have to make trade-offs, with our ability to make savings for employers and employees and family members, we've been able to attract employers," he said.