

# Health Advocates

Independent experts can help employees conquer mountains of medical paperwork, freeing HR to focus on other core concerns.

By Susan J. Wells

**D**onna De Andrea, benefits specialist at Sherman Oaks Hospital in Sherman Oaks, Calif., had grown used to fielding a high volume of questions from employees about health-plan billing and claims. In fact, doing so was consuming an increasingly large portion of her workday, diverting her from other important matters. So Sherman Oaks—a not-for-profit, 153-bed hospital with 605 employees—found a solution. It turned to an outside firm that helps group-plan sponsors and em-

ILLUSTRATION BY LEE MACLEOD

employers as well as employees access and navigate the health care system.

Through its benefits broker, Sherman Oaks signed on with Health Advocate Inc., an advocacy and assistance company in Plymouth Meeting, Pa. Through the service, employees have access to independent medical and insurance experts—often former health and medical professionals, health care administrators, counselors, and nurses—who assist them with any number of health-plan and medical care issues.

Such providers often offer a range of services, from answering simple questions about a company's health plan to detecting and correcting complicated insurance coverage mistakes or making sense of the paperwork of claims and bills. They also can research and recommend medical providers, facilities and treatment options; secure second opinions; and consult on elder care resources. In addition, they can consult with employers on types of health plans to offer and can help educate employees on the differences among employer plans.

De Andrea says that since adding the claims-assistance program five years ago, her phone no longer rings off the hook with employees' health-claims problems, and complicated claims are being handled promptly and efficiently. She cites an example of an employee who tried in vain to correct a claims-billing mistake for three months. Health Advocate resolved it in less than two weeks.

### Tapping a Market

Health advocacy services appear to be experiencing a growth spurt as more employers engage them to serve as an extension of the companies' benefits departments.

While exact numbers of employers signing up with such services and of employees using them are hard to come by, service providers report a doubling of client interest in recent years. Health

Advocate, for example, says its business has doubled in a year to 1,600 clients, making it arguably the largest such provider in the nation.

HR consulting firm Hewitt Associates in Lincolnshire, Ill., launched an

advocacy service in 1999 and since then has seen its client base double—to 107 clients covering some 3.3 million participants.

The company started its service when clients told its consultants that

## Finding a Remedy

The scene plays out every day: Employees receive bills or "explanation of benefits" statements in the mail, but they can't decipher the complex forms. They get stuck, can't tell if they legitimately owe money to the provider or not, and eventually call HR or the benefits department for help in sorting it all out.

"It's often a daunting task to determine what's going on with the paperwork," says Dr. William F. Jessee, a physician who is president and CEO of the Medical Group Management Association in Englewood, Colo., a professional group representing medical group practices. "Health billing systems have traditionally been geared toward the insurance company, not the patient," he says.

The growth of health care advocacy businesses is "symptomatic" of patients' confusion with the health care system, says Jessee.

Today, administrative costs represent close to 30 cents of every health care dollar spent, according to industry and government estimates, and the percentage is larger than it was as recently as five years ago. "Much of the waste generated in our system is a result of administrative busywork or redundancies that add no value to the patient, provider or payer," Jessee says.

Jessee's group and others earlier this year formed the Healthcare Administrative Simplification Coalition (HASC) in an effort to pinpoint strategies for reducing the costs and administrative complexities of the U.S. health care system.

One current HASC effort is to support the Patient Friendly Billing project spearheaded by the Healthcare Financial Management Association. The project is designed to help create a friendlier, patient-focused health care billing and collections process. Another effort strives to bring greater uniformity to the information, appearance and technology of patient-identification cards issued by health plans, providers and government agencies.

The coalition's members include a wide variety of physician and hospital organizations, health and benefits plans, employers, and government agencies, including the American Academy of Family Physicians, the American Health Information Management Association, the National Business Coalition on Health, the U.S. Chamber of Commerce, Microsoft Corp. and Ford Motor Co.

"Employers are probably better positioned than any other stakeholder to impact administrative costs in health care," Jessee says, largely by asking the hard questions of their insurers and third-party administrators. "Ask them what they're doing to reduce the administrative costs," he says, "and if they're participating in national efforts to rid the system of wasteful practices."

—Susan J. Wells

health care challenges were a big concern. "Employers were telling us they didn't have the expertise on staff to handle the volume and scope of issues, and that it took a great deal of time away from their HR responsibilities," says Barb Donahue, advocate unit manager for Hewitt's Participant Advocacy Service.

Also helping to fuel the growth of such services is the increasing reliance on consumer-driven health care, in which patients must pay an ever-larger portion of their medical costs and sort out their own health care choices. Larry Gelb, president and CEO of CareCounsel LLC, a health-benefits advocacy firm in San Rafael, Calif., says, "As employees are given more and more responsibility for their health care decisions, the need

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for an independent intermediary to help them obtain advice, assistance and unbiased opinions will only intensify."

Gelb, who founded CareCounsel in 1996, says employer-sponsored health benefits advocacy "will become a mainstream benefit because so much is driving it."

## Plugging the Holes

Helping employees resolve health-claims problems has become a bigger job for employers, as complaints about slow payment, lost claims and improperly paid claims increase. Latest proof: Employers' health plans are leaking money because their health-claims processors too often let overpayments slip, according to recent findings by the Segal Co., an employee-benefits consulting and actuarial firm in New York.

Third-party vendors often fall short on timeliness, claims accuracy and financial accuracy, says Anthony Rienzi, a senior vice president at Segal. The firm recently examined about 225 employee health claims from about 50 of its self-funded employer clients.

"In 50 percent of our health plan audits, the carriers are not at the level they should be in handling claims," Rienzi says.

Samples of claims examined by Segal auditors found:

- \$225,000 charged to an employer because of incorrect coding of office visit co-payments.
- \$210,000 in employer-paid medical bills for ineligible services that were provided after employees were terminated.
- \$267,000 in unnecessary costs because a claim was paid more than once before it was adjusted.

Insurers don't promise perfection, Rienzi says, but employers should hold them accountable for factors over which they have direct influence, such as the timing of payments. Problems to watch out for include eligibility errors, such as incorrect hiring and termination dates, payments to ineligible dependents, and improper plan classification.

### Easing the Pressure on HR

Big selling points for such health care advocacy services include time savings for HR and better and faster assistance for employees.

At international law firm Pillsbury Winthrop Shaw Pittman LLP, Benefits Manager Linda Lew, based in San Francisco, says being able to refer employees with claims issues or questions about the firm-sponsored health plan has freed up time for HR. The firm began offering CareCounsel's services in 1999. "These were pretty routine questions, but they were pretty time-consuming, too," she says.

Being able to channel such questions to a knowledgeable source for timely action has "improved the reputation of the HR and benefits department," Lew says, and has eliminated a distraction for employees, who typically had to take time out of their workday to deal with health benefits questions. "It absolutely makes sense from the employee productivity standpoint," she adds. "They've delegated the issue to an expert and can count on a response that will meet their needs."

An outside advocate also can provide knowledge that HR or benefits staff members may lack, especially when new or challenging health options are involved or specific employee groups are affected.

The California State Automobile Association in San Francisco, for example, turned to CareCounsel in late 2005

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and early this year to handle a heavy load of inquiries from retirees trying to understand how the new Medicare Part D prescription drug benefit works in conjunction with their retiree health benefits.

The association's benefits staff "didn't have the time or expertise to counsel our retirees on the ins and outs of Medicare," says Carl Herington, manager of benefits design and planning. Moreover, CareCounsel's experts "have greater credibility," he says, because they "are not part of an insurance company—they're independent and not selling any product or service."

### Managing Crisis Cases

Outside advocacy firms not only can resolve administrative entanglements but also can prove pivotal in helping to secure the best care for employees.

For example, last year Lane Watson, then operations manager at Vendor Efficiencies, a logistics company in Austell, Ga., was diagnosed with advanced colon cancer at 37. It was during surgery for diverticulitis that the cancer was discovered, and an oncologist with the hospital recommended he get a second opinion because his prognosis was grave.

Watson's supervisor encouraged him to use Health Advocate—a benefit under his Aetna health plan. Both his boss's family and Health Advocate researched nationally known cancer centers where he might receive the most beneficial treatment for the type of cancer he had. Health Advocate helped in-

form him on treatment centers and also explained how insurance would play out—what would and would not be covered, what the co-payments would be—for each of the facilities, he says. "More than anything, the advocate educated me on making the decision that would be best for me—in all ways."

Out of the several facilities recommended, Watson chose the M.D. Anderson Cancer Center at the University of Texas in Houston. He went there for a second opinion and a consultation. Health Advocate handled contact calls, records transfers and scheduling. Watson obtained the leading-edge treatment protocol, and he underwent the treatment back home under the supervision of a local oncologist. His disease is in remission.

"The diagnosis sent my life spinning into a big blur," says Watson, now a transportation technician with the Cobb County Department of Transportation in Marietta, Ga. Health Advocate, he continues, "took care of the when, where and how so that I could concentrate on trying to get better."

Nothing was too small to call on the advocate for, Watson adds. When he thought he was being double-billed for medical services, for example, he faxed the paperwork to Health Advocate and "it was taken care of. I didn't have to give it another thought." Watson estimates that he relied on Health Advocate for at least six months as his medical situation unfolded.

"There are just so many things you have to deal with when something of



Transportation technician Lane Watson used a health advocacy firm to find cancer treatment.

this magnitude happens to you," he says. "They were a voice of reason and clarity at a time I really needed it."

### The Legal Concerns

Especially for serious conditions such as Watson's, the confidential nature of health advocacy services is a big boon. It's also important to employers, who must abide by medical privacy legislation.

Privacy regulations under the 1996 Health Insurance Portability and Accountability Act (HIPAA) mandate the safeguarding of employee health data, and enlisting a third-party advocate can help provide the required confidentiality and separation. Since HIPAA took effect, Lew says, "it's a lot easier to deal with claims and other issues with an outside source. Plus, employees like the anonymity of a third party; they're much more likely to call them with that kind of question as opposed to calling someone in HR."

"There definitely needs to be a wall between the two"—between the employer and the health plan's specific employ-

ee data, says B. Janell Grenier, principal in the law office of B. Janell Grenier in East Goshen, Pa., who specializes in employee benefits and ERISA—the Employee Retirement Income Security Act, which applies to health plans as well as retirement plans.

This separation is especially wise for self-insured plans, which fund their own health benefit costs and pay claims directly. “In the case of a self-insured plan, it’s preferable to see this person separate from the HR department,” says A. Kevin Troutman, an attorney in the New Orleans office of Fisher & Phillips LLP, a labor and employment law firm. “We want to maintain a firewall between plan functions and the employer’s HR functions.” (For more on the workings of the self-insurance approach in employer-sponsored health benefits, see “Is Self-Funded Health a Path for Small Firms?” on page 84.)

Ultimately, keeping matters at arm’s length may be best since it reduces the chance that an employer could be notified inadvertently of a condition that might be subject to the Americans with Disabilities Act or the Family and Medical Leave Act—and later be accused by an employee of acting on that information.

### ► Online Resources

For resources and more information about health care benefits, see the online version of this article at [www.shrm.org/hrmagazine/](http://www.shrm.org/hrmagazine/)

06August. There you will find links to:

- A broad collection of information on employer-sponsored health benefits.
- An *HR Magazine* article on curbing fraud and identifying overcharges in health coverage.
- The Patient Friendly Billing project of the Healthcare Financial Management Association.
- A description of the Healthcare Administrative Simplification Coalition.

## Employers get utilization reports that outline the general nature of inquiries.

“Ensuring a separation of the HR and plan functions, if handled effectively, could help the employer defend against an allegation that health plan information played a role in an employment decision,” says Troutman.

He says that if an HR employee were to wear two hats and handle advocate duties, it could raise questions of whether the employer maintained an effective firewall between the health plan and the employer.

### Direct—And Indirect—Savings

For their services, advocate companies typically charge \$1.25 to \$4.95 per employee per month. The size of the employer, number of employees, types and number of health plans, and other factors can affect pricing.

That fee covers the employee, spouse and dependent children, as well as the employee’s extended family, including parents.

Employers get regular utilization reports that outline the number of calls, general nature of inquiries, amount of time spent by the advocate and any general medical cost savings that were generated.

Some advocacy providers’ figures for return on investment (ROI) and other financial matters are soft, however. Some report demonstrated ROI of 2-to-1 or even 3-to-1, but exact measures can be limited, for example, by the confidential nature of the counseling they provide or can be affected by con-



stant changes in the number of employees using the service.

Nevertheless, advocates can return direct savings—in the form of paid claims that were previously denied, or in negotiated savings on health services.

Just as important could be indirect savings realized from what Marty Rosen, co-founder and executive vice president at Health Advocate, calls “medical ping-pong,” in which patients essentially get lost in their search for appropriate care. He cites a case in which an employee visited nine doctors seeking relief for constant headaches. Within days of contacting an advocate,

To do that, Pillsbury Winthrop highlights CareCounsel’s services in its enrollment guide and new-hire materials, and devotes an entire section to it as part of the firm’s life-management benefits, Lew says. E-mail blasts and e-bulletins also remind employees of the perk.

### **Quality Assurance**

Employers using a third party to provide health-claims assistance should recognize that they lose some control, which makes it critical that they monitor the quality of the services they use, Troutman says. “The employer will bear the burden of any negative experi-

## **‘A “do-it-right-the-first-time” approach can provide better care and avoid needless cost.’**

the employee had an appointment with a noted specialist running the headache clinic at a local hospital. After two visits, the employee was better.

“Being able to go with a ‘do-it-right-the-first-time’ approach can provide better care and avoid needless cost,” Rosen says. He estimates that such intervention also translates to spending a fraction—about one-fifth or less—of the time that an employee or an HR staff member might spend on trying to resolve similar issues.

For most HR departments, that’s bang for the buck. But it depends on employees knowing about the service, trusting it and using it.

Employees may be initially skeptical of the advocacy benefit if HR doesn’t clearly and fully communicate the service’s independence and neutrality, Lew says. “They may wonder, ‘Are these people just extensions of the insurance company?’ You must fully explain it and ensure that employees are aware that the service is separate, free and confidential.”

ences that arise,” he warns, “so it should position itself to be recognized as providing an important service and ‘take credit’ for the benefits of such a program.”

To minimize any negative experiences, Troutman, who was an HR executive for 17 years in the health care industry before practicing employment law, recommends that employers carefully describe and delineate some of the legal boundaries of an advocate’s role.

The success of the employer/advocate relationship depends on ensuring that the advocate relates well to employees and earns a credible reputation, Troutman says, and in “establishing and following sound policies and firewalls to maintain that employer/plan distinction.” ■

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