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Health advocate services cut through paperwork

More information for employees means fewer claim appeals, quicker resolutions.

BY STEVE GARMHAUSEN

Not long ago, employees of Reed Elsevier appealed their denied health insurance claims so often that the process became an unwanted cottage industry within the company's employee benefits department.

One manager in the unit spent virtually every minute of his workday dealing with such issues. And a committee at the publishing company, which is self-insured, met weekly to try to adjudicate the appeals. A typical request might involve the denial of certain medical equipment that an administrator did not think should be covered by insurance.

'It was extremely frustrating,' says Anne Silverman, Reed Elsevier's vice president of compensation and benefits for the Americas. 'We're not medical experts. We'd end up having more questions than answers.'

'Things have changed dramatically since the company, which has 20,000 U.S.-based employees, hired Health Advocate Inc., a suburban Philadelphia firm that helps clients and their employees navigate the nation's increasingly bewildering health care and insurance systems.

These days, not only are Reed Elsevier's appeals being handled more smoothly, but there are also far fewer of them. 'Now, we might go months without having an appeal,' says Ms. Silverman, who credits



Anne Silverman says that Reed Elsevier's Americas unit now goes months without having an insurance appeal, thanks to support services.

Health Advocate for better informing employees about exactly what their insurance contract covers.

Growing demand

Founded in 2001, Health Advocate now has 2,200 clients, from businesses to unions to insurance companies themselves, with more than 7.5 million people eligible for its services. It is one of only a few companies offering similar support services.

But demand for such services is growing. Health Advocate expects

2006 revenues of around \$13.6 million, says Dr. Abbie Leibowitz, executive vice president and chief medical officer. Revenues are on track to hit \$20 million or more this year, he adds.

Health Advocate's basic services cost between \$1.25 and \$4.95 a month per employee. Prices are set based on how often workers are likely to use the services—small companies tend to be high-volume customers, for instance. The price covers not just the employee but also dependents, parents and in-laws as well.

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Reed Elsevier found that paying for assistance ended up saving the company a bundle. Ms. Silverman estimates that the employee benefits committee—the one that meets to weigh the claims appeals—is easily saving \$100,000 in annual man-hours.

And that's not counting rank-and-file employees who are being freed up to spend their workday actually working, she adds. Rather than spending untold hours second-guessing the co-pay they were charged or figuring out how to go about arranging a particular procedure, the employees hand the tasks off to Health Advocate's staff of veteran nurses and claims and billing experts.

Fragmented system

In general, employees spend more work hours fencing over the phone with doctors' offices and insurers as a result of a health care system that is more fragmented than ever before, according to Nan Andrews Amish, an industry expert based in San Francisco. For example, high-profit procedures that used to be handled in hospitals—everything from heart procedures to hip replacements—are now routinely done in specialized facilities, leaving patients unsure where to turn for care.

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'The whole system no longer talks to itself very well,' Ms. Amish observes.

At the same time, insurers are 'taking advantage of every opportunity they can to not pay claims,' she says.

That's not a factor with self-insurers such as Reed Elsevier, which uses insurance companies, including UnitedHealthcare and Aetna, only to process claims. But countless employers that are not self-insured have found insurers 'getting much pickier in terms of the paperwork,' says Ms. Amish.

Employees of Reed Elsevier still get certain claims denied, of course. But Health Advocate often intervenes, negotiating with doctors for lower charges, for instance.

A nonadversarial approach is the key to getting things done, says Dr. Leibowitz, who, like his four fellow co-founders of Health Advocate, is a veteran of Aetna U.S. Healthcare.

'There is nobody in the health system that really wants things to be screwed up,' he insists. 'The goal is to get people to the right answer, even though it may not be what they want to hear.'