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## Health Advocate has the answers to health questions

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**P**LYMOUTH MEETING — When Health Advocate was launched in 2001, the company pitched its service as a tool employers could use to increase employee productivity.

The idea was rather than have workers spend their work day on the phone dealing with benefit problems, they could make one call to Health Advocate where one of the company's advocates would deal with all the red tape and bureaucracy common in health-care delivery.

Now, eight years later, the Montgomery County company with 5,244 clients across the country believes it provides an even more crucial role: helping employees understand their health benefits and become better consumers of medical care at a time when employers are shifting more decision-making responsibilities to their workers.

"As long as I've been in health care, it has become more confusing," said Dr. Arthur "Abbie" Leibowitz, a Health Advocate co-founder and the company's chief medical officer. "Benefits are confusing. The

health-care system is disorganized. We address those issues."

Leibowitz is one of five former executives from U.S. Healthcare in Blue Bell (acquired by Aetna in 1996 for \$8.8 billion) who left the managed-care industry to create Health Advocate.

Along with Leibowitz, the company's other co-founders are Michael J. Cardillo, Thomas Masci Jr., David S. Rocchino and Martin B. Rosen.

The company has assembled a team of registered nurses, medical directors and benefits specialists to help its 15 million subscribers resolve conflicts or address issues related to medical services or health-care benefits. For the service, Health Advocate charges companies a per employee fee.

Health Advocate's revenue has climbed more than 114 percent over the past three years to \$29.4 million last year from \$13.7 million in 2006, putting it at No. 60 on the Philadelphia 100 list of fastest-growing private companies.

The company is also growing physically. Last month it added 8,000 square feet of office space to its now 50,000-square-foot headquarters in Plymouth Meeting — where the company just added 20 people and expects to top the 300 mark in total workers by the start of next year.

Cardillo, Health Advocate's president and CEO, credited the steady growth in revenues to building up its internal sales force to 16 people, expanding its network of insurance brokers to more than 500, and enhancing its product offerings to include new services such as wellness consulting and pricing tools.

"We're getting in front of clients faster," Cardillo said.



Health Advocate honored its nurses last spring during a companywide day of appreciation. (Pictured left to right:) Michele Salute, Sandra Vigderman, Carrie Trimboli, Annette Guerin, Gwynne Bee, Janice Murray, Carol Volz and Sue Baldrige.

“And we’ve gotten some national media attention that has helped build our brand. When we call prospective customers, they know who we are.”

Herr Foods Inc. in Nottingham, Chester County, signed up with Health Advocate last summer.

“We were looking for a benefit for our employees that would be perceived as a personal advocate,” said Steven Ewing, benefit manager for the company. “We’re a three-person benefit staff and we get overwhelmed at times with 1,500 employees.”

Ewing said employees have called on Health Advocate most frequently with claims questions regarding medical, dental and vision benefits. The second-most common use is for help in finding “the best doctors” for specific medical needs.

“Those who have had the opportunity to use the service are very happy with it,” he said.

Another customer is Wawa, the Delaware County-based convenience store operator that has 16,000 employees.

“We fully recognize health benefits and health care are very confusing,” said Todd Carmichael, Wawa’s director of compensation and benefits. “As an employer there’s a limit to what we can do for our employees. For us it made sense to have this service available, where our associates can reach out to somebody who knows all the ins and outs of the health-care business.”

Leibowitz said company’s clients include about 3,000 companies with fewer than 100 employees and another 2,000 clients with 100 to 1,000 employees.

Health Advocate’s 16 internal sales staff tend to go after the large companies with 500 or more employees. The company has contracts with about 350 large employers who, combined, have 3.5 million workers, which is 65 percent of Health Advocate’s total customer count.

Leibowitz said the large employers group — many of whom self-insure or use high-deductible insurance vehicles like consumer-directed health plans — is the segment of Health Advocate’s business that has “exploded.” Recent additions include J.P. Morgan, Chase, Ryder Trucks and Lincoln Financial.

Rosen, Health Advocate’s chief marketing officer, said the company has, over time, amassed data that shows its services reduce medical costs.

## UP CLOSE

**COMPANY:** Health Advocate

**LOCATION:** Plymouth Meeting

**PRESIDENT & CEO:** Michael Cardillo

**TYPE OF COMPANY:** Health-care advocacy and assistance services.

**YEAR FOUNDED:** 2001

**2008 REVENUE:** \$29.4 million

**2006-2008 GROWTH RATE:** 114.6 percent

**2008 EMPLOYEES:** 237

**GROWTH DRIVERS:** Expanded internal sales force; broadened broker network, added to product line.

Source: The company

Among the expanded services the company has created is an “enrollment advocate” service to specifically help employees understand and effectively use consumer-directed health plans. Such plans, known as CDHPs, combine high-deductible health coverage with private health savings accounts in which members set aside tax-deferred funds to pay deductibles. Any used funds can be rolled over to pay for future health-care expenses.

To help workers enrolled in CDHPs, Health Advocate this year introduced its “health cost estimator,” which provides consumers with cost estimates for medical procedures including likely out-of-pocket expenses, and the “max fee negotiator,” which give employees access to a specialized negotiating team to resolve billing disputes.

Among the other services the company now provides, Rosen said, are family medical leave certification, ERISA claims consulting and wellness coaching.

For 2010, the company is looking into adding a nurse hotline and another service called “benefits gateway.”

Employers, Cardillo said, often will have numerous vendors for different types of benefits, from employee assistance programs to flexible spending account administrators. Health Advocates’ idea is to allow companies to provide their employees with one number to call at Health Advocate.

“Rather than giving somebody a dozen 800-numbers to remember,” Cardillo said, “you give them one: ours.”