

Reducing Healthcare Costs *for Employers*

Employee Benefits Series

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Health Advocate: Small Investment Improves Quality, Saves Resources

Instituting a health care advocacy service can be an attractive investment for employers. For a relatively low expense, advocacy services can improve employee care management and save employer money and resources. Health care advocacy services help plan participants navigate the health care and insurance system for themselves and their families, typically by use of a manager with experience in the health care industry who serves as a liaison. The advocate assists with appealing claims denials, resolving billing and coverage issues, locating the most appropriate clinical care, coordinating care and benefits, negotiating fees with providers and similar activities.

These programs generally help an employee with health care issues affecting not only the employee and his or her immediate family, but also the employee's siblings, parents and in-laws, even if they're not local.

"Many employees don't know how plans work, who to call, or if claims were paid correctly," explains Rich VanThournout, head of consulting firm Mercer's health and benefits outsourcing practice in Deerfield, Ill. (Mercer launched an advocacy service in May 2009.)

While employees are first to reap time and money advantages, employers do as well, whenever advocacy services uncover billing mistakes, help members find the right specialist and coordinate care to avoid duplicate treatment and negotiate discounts.

Other advantages for employers:

- **Medical cost savings.** The advocate can connect the patient with the treatment they really need, ending expensive and fruitless wild-goose chases. Martin Rosen, executive VP and co-founder of Health Advocate, Inc. in Plymouth Meeting, Pa., offers this example: "One employee had a 58-day headache. She had been to nine doctors and had two MRIs, and a doctor wanted to operate on her neck. We suggested she visit the headache program at Jefferson Hospital [in Philadelphia], a center of excellence. She hadn't ever heard of it. We got her an appointment, and it turns out she had been misdiagnosed. She finally ended up getting treated correctly. But the employer had paid more than \$25,000 for her treatment by then [which it could have avoided]," says Rosen.
- **Productivity.** An employee, already dealing with a medical problem within his family, can avoid a lot of the time-consuming research and communication with providers, insurers and others. "So much of this [activity] occurs during work time. This way [with a health care advocacy service] we make those calls," explains Rosen.
- **Time of other staff.** Often employees who run into health insurance trouble turn to their human resources/benefits departments for assistance. However, many of these issues are beyond the scope of those personnel. Moreover, these departments

are already busy and often understaffed, points out VanThournout. “What do you want them to spend their time on?” he asks.

- **Employee engagement.** With more employers increasing cost-sharing burdens on their employees, these services “provide a balance to this requirement for increased responsibility with additional support when employees need it. It sends an empowering message that an employee doesn’t have to completely go it alone when navigating the health care system,” explains Alexander Domaszewicz, principal with Mercer in Newport Beach, Calif. “It’s also a security blanket — we’ve got your back. It gives employees some true piece of mind,” says VanThournout.

- **Objectivity.** Since these services operate as an independent third party, they don’t have a bias. For instance, employees won’t always get what they want. “That way it’s not me or my benefits folks [being the bad guy]. I turn it over to specialists in a private, professional setting [to do that],” says Raymond Griffin, president of Weston Solutions in West Chester, Pa. For several years, Weston has used Health Advocate for its 1,800 employees.

- **Assistance with plan utilization/design issues.** A health care advocacy program can uncover a plan design or insurance utilization problem the employer was unaware of. For instance, Health Advocate discovered that one of its clients’ employees had unusually high numbers of emergency room (which is a more expensive setting)

visits for non-emergency care, and reported it to the employer. This enabled the employer to communicate with its work force that there were better alternatives for primary and non-emergency care than the local hospital emergency department.

Employers See Strong ROI

Generally the employer pays for this service on a case or per participant basis. For example, Health Advocate charges from \$1.25 to \$4.90 per member per month, depending on the size of the company; it has agreed to less for national clients. “It’s cost effective,” Griffin says. “They earned their keep and then some.”

The return on investment can be significant. “With my book of business, for every dollar spent by the employer, the return on investment for them is \$3.50,” says Rosen.

Interestingly, of the various health management programs available to employers — such as case management, health risk assessments and disease management programs — advocacy services are relatively underutilized, says VanThournout. For example, according to Mercer’s National Survey of Employer-Sponsored Health Plans, released in March 2010, 53 percent of large employers of 500 or more employees offered a health care advocacy program in 2009. In contrast, 82 percent offered case management and 78 percent offered a nurse advice line. But experts expect more employers, including smaller ones, to see the worth of these services and sign on.

Questions to Decide if Health Advocacy Is Right for You

Do your employees use too much energy navigating the health system? “Don’t underestimate the time and frustration of employees. Employees don’t want to have to think about this through the day,” suggests Rich VanThournout, head of Mercer Consulting’s health and benefits practice. Those are costs that are not counted in hard dollars.

Can you scale the service to your needs? Some programs offer a soup-to-nuts approach; others provide tiered levels of service, where the employee may have access to administrative assistance such as claims resolution and navigation of benefits but not clinical support, such as explaining treatment options

or arranging for clinical trials, says VanThournout. “If you want clinical support, that’s more of a wellness program. Some [insurance] plans already offer that,” he says.

Can you find a program with talent and experience?

You would want to partner with a service that has a track record, deep knowledge of the health care industry and good references. Some programs use clinicians, such as nurses, as advocates more than others. Since the service will have access to employee’s medical and other records, make sure that the company you hire has adequate information technology and other security, says Martin Rosen, co-founder of Health Advocate, Inc. in Plymouth Meeting, Pa.