

Advocacy firms help cure benefit troubles

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As employers continue to shift some of the rising health care cost burden onto employees, more are beginning to ease the pain by offering health advocacy services as an employee benefit.

Staffed with medical, claims and health administration experts, advocacy service providers not only help employees navigate the health care system by answering and resolving various health plan questions and health-related needs, but they also go to bat for employees when claims and billing problems arise.

This not only frees up employees from the often time-consuming and frustrating process of trying to resolve health care plan related problems and issues while at work, but also frees up corporate benefits departments to focus more on strategic benefit issues.

Employers also say that by outsourcing health resolution issues they distance themselves from privacy rules contained in the Health Insurance Portability and Accountability Act. That results as sensitive health information is no longer being passed on to the benefits department by employees with specific health plan questions and problems.

While employers offering advocacy services say the \$2 to \$3 per employee per month cost is well worth it, other observers note that if an outside firm is needed to resolve claims disputes, employers may be better off fixing their health plan rather than outsourcing the task of resolving problems.

According to the most recent statistics from Hewitt Associates Inc., of the nearly 2,500 plan issues reported and tracked by its participant advocacy services over an 18-month period ending in June 2001, 71% of the issues originated due to errors by the plan administrator or care provider.

Those results show that while employees are taking the correct steps to resolve benefit plan issues, they still need assistance in navigating the sometimes frustrating and complex health care system, Hewitt said.

"We resolve access to care issues like authorizations and referrals. We do a great deal of work with claims and billing, everything from claims not being received, to improper processing...to balance billing issues," explained Marie Kobos, the practice leader for Hewitt's participant advocacy services business group in Lincolnshire, Ill. Hewitt began offering its advocacy services in 1999.

"Some of the places that we're really able to help-and employers really appreciate it-is invariably there are employees or retirees in a population who are very fragile or have a catastrophic type of situation," Ms. Kobos explained. "They can become completely overwhelmed by not only access to care situation problems but also claims.

"We, for example, helped an employee who had a very premature infant and had 600 bills to get through and (explanation of benefits) to match and resolve and a number of billing and balance billing issues," she said. "For us, it took six weeks of an advocate's time to resolve all of that. We were able to take that all off the employee's plate so they could concentrate on their family and then return to work."

Indeed, lost productivity is one of the driving factors behind growth in patient advocacy services.

"As almost anybody knows these days...it can take endless hours of calling and being transferred and waiting on hold and then being told 'No you have to call a different number,' then following up and finding out that the issue, which was promised to be taken care of, wasn't," said Larry Gelb, president and CEO of CareCounsel L.L.C., a six-year-old patient advocacy firm based in San Rafael, Calif.

"The hidden cost of lost productivity at work is definitely a factor," said Sandy Wandelt, senior vp-human resources for Sun National Bank. The Vineland, N.J., bank began offering advocacy services to its roughly 700 employees last August through Health Advocate, a Blue Bell, Pa.-based advocacy firm.

"If you think about it, most of the time if you have a serious issue and you've got to make calls to your insurance carrier...a preponderance of those calls are going to be made during the day," Mr. Wandelt said. "You make one call to Health Advocate and one consistent person is your advocate...and they do all that legwork."

In addition to productivity issues, more employers are offering advocacy benefits as a value-added service as they shift more of the cost of health care onto employees.

"One of the things that's driving the advocacy industry is the move toward more consumer responsibility," said Jane Cooper, president and CEO of Patient Care, a two-year-old advocacy firm in New Orleans. "Employers are shifting more of the cost to employees without giving them the tools to know what to do," she said.

"We're in a time of pretty hefty increases in health care costs, and we, like a lot of employers, are in that mode of sharing more and more of that burden with employees," said Craig Reynolds, corporate director of employee benefits at

Briggs & Stratton Corp. "So we believe that we should try to ease the pain of their increases through some better service capabilities and Patient Care is a step in that direction."

The Milwaukee-based small engine manufacturer began offering Patient Care's advocacy services to all of its roughly 6,500 employees last October. In addition to a number of self-insured health plans, Briggs & Stratton offers a consumer-driven health care plan, for which Patient Care provides additional negotiating services to employees enrolled in that plan, Mr. Reynolds said.

He noted that one of the additional benefits is that Patient Care has extended hours on the weekdays and weekends offering employees more flexibility. "Our staff here can't match that," he said. "And even if we could, we've still got issues with HIPAA. This gives us an added arm's length, if you will, on the privacy matters," he said.

Indeed, HIPAA privacy compliance is another added value to the advocacy services, benefit managers say.

"This is another vein where an employee can talk to a designated representative to discuss very personal health issues that they may not necessarily want to talk to the benefits manager at the bank about," said Mr. Wandelt of Sun National Bank. "They provide the employee another vehicle outside the bank to help ensure confidentiality."

While some outside benefit experts say some of the advocacy services are a good employee benefit, they do have some concerns.

Barry Barnett, a principal with PricewaterhouseCoopers Human Resource Services in New York, said that while he thinks advocacy services that help explain benefit plans and options to employees are great-especially as more employers move to consumer-directed health plans-he does have concerns about advocacy firms fighting employees' claims battles.

"When you get into 'I didn't get my claim paid could you go beat up my carrier,' I think that's a different style of advocacy that I don't see a lot of palate for," Mr. Barnett said. "I think it creates expectations by the employees that they will have it paid, No. 1, and, No. 2, it creates an adversarial relationship between the advocate and the plan," he said. If an employer needs to contract with an advocacy firm to fight claims battles, "they've got a problem with their vendor and should change their vendor," he said.

Helen Darling, president of the National Business Group on Health in Washington, said middle-market employers with fully insured plans are probably more interested in these type of advocacy services than larger employers that tend to self-fund their health care plans.

"Most large employers feel they have benefit packages that their employees understand and they're not necessarily going to pay another company to go and negotiate and navigate their benefits plans," she said.

"In a way, you could say that's kind of shooting yourself in the foot. If you felt that your plans were not operating the way they should be, then you would work on making certain they operated the way they should," she said.

Ms. Darling noted that when she was the benefits manager at Xerox Corp. she spent "a lot of time and money" making sure employees understood their benefits and letting them know if there were any problems to contact the benefits department. "That's why we employed employee benefits people," she said.

But in a day and age where corporations are asking benefits and human resource staff to do more with less, contracting with an advocacy firm is seen as a welcome addition to some employers.

That is the case at Cost Plus World Market, the Oakland, Calif.-based retail store, which has 2,000 benefit eligible employees in 27 locations.

"Philosophically we believe in being an advocate for our employees. We want them to understand their health care and we want to make it a true benefit, but we really didn't have the resources to dedicate some of the time to educate them about billing and claims issues," said Diane Del Conte, Cost Plus' benefits manager.

Cost Plus began offering advocacy services from CareCounsel in September 2001.

CareCounsel "provided an extension of our benefits department and enabled us to provide a service to our employees to help them understand their benefits and provide them with people who truly...know their stuff," she said. "They do the job better than we can because they have the time to devote to it. So, where it may take me weeks to get a claim resolved, they can get it resolved in two days."

The way Ms. Del Conte sees it, Cost Plus was able to add a new company for the cost of expanding the benefits staff. "I feel the tradeoff is well worth it," she said.

Indeed, while any increase in benefit costs is important today, adding the services of an advocacy firm is "paper clip money" compared to what employers spend on their employee health care, according to Dr. Abby Leibowitz, executive vp and chief medical officer of Health Advocate.

"Health care costs are going up 12% to 20% a year and employers are paying \$6,000 to \$8,000 per employee for health care," Dr. Leibowitz said. "To walk into a large employer and say this service is going to cost you \$16 per employee per year, it's not even an issue," he said.

As to the future of health advocacy, Dr. Leibowitz compares it to tax accountants.

"Health care is a lot more complicated than income tax, yet many people have a tax accountant," he said. "It's just as reasonable to think that in the near future everyone is going to have a personal health advocate-somebody who can help them through the system. The difference between income tax and health care is you use health care randomly and anytime through the course of the year. You only pay your taxes on April 15."