

Consumer-Directed Health Plans Could Fuel Growth of Flat-Fee Clinics

Flat-fee, convenience-focused clinics, such as MinuteClinic, RediClinic and Take Care Health Systems, already have set up shop inside retail outlets and pharmacies in several states and are rapidly expanding into others. All three companies expect tremendous growth in 2006 fueled in part by increased enrollment in consumer-directed health (CDH) plans.

The clinics, typically staffed by a nurse practitioner, charge a fixed price for a variety of routine medical services including physical exams, immunizations, flu shots and strep-throat tests. At MinuteClinic, for example, most treatments cost \$44. Such relatively low-cost services are likely to appeal to patients who want to conserve their health savings account (HSA) or health reimbursement arrangement (HRA) dollars.

“There’s an obvious connection between convenient care and consumer-driven health,” says Web Golinkin, CEO of InterFit Health, the Houston-based company that launched RediClinic last May. “If a consumer has an HRA or an HSA, they are spending their own money and there is an incentive for them to spend that money effectively.”

Some of the nation’s largest pharmacy chains including Rite Aid Corp., CVS Corp. and Osco Drug, as well as major retail outlets, such as Target Corp. and Wal-Mart Stores, Inc., now have such clinics on site in some locations. At some locations, patients are given pagers so that they can shop while waiting to see the nurse.

Some physicians, however, have criticized such low-cost clinics because services are not provided by a medical doctor. Whether a cough is related to a cold or to a more serious health matter, they say, can best be determined by someone who has extensive medical training.

“But the delivery system has made it impossible for patients to get in to see a doctor if they just have a cough,” counters James Woodburn, M.D., chief medical officer at Minneapolis-based MinuteClinic. “What is needed in the health delivery system is someone who can provide an appropriate evaluation of a patient’s

conditions,” he asserts. Patients who might have a serious medical condition can be referred to a primary care physician by a MinuteClinic nurse. Nurses also can consult with a network of physicians by phone if they need help with a diagnosis.

“This type of care isn’t meant to supplant ongoing medical care, but it is a good way to get routine care handled,” Golinkin adds. “It’s just another health care delivery vehicle.”

As consumers grow accustomed to set prices for medical care and convenient hours promoted by flat-fee clinics, they could begin to demand more from traditional health care providers. Woodburn says some clinics in Minneapolis have recently extended their office hours to include evenings and weekends.

“Consumers are beginning to have different expectations” from their health care providers, he says. “Price transparency is a home run for patients enrolled in a consumer-directed health plan. We want to make sure that our prices are as transparent as possible so that people know exactly what we treat and what they will pay. That is what the medical community needs to do.”

As consumers become more financially responsible for their health care choices, health insurers and providers will be forced to focus more attention on convenience, price and quality control, says Paul Zane Pilzer, author of *The New Health Insurance Solution*, a book released this month that discusses HSAs and other strategies consumers can use to reduce the cost of health coverage. As high-deductible CDH plans give more patients a financial stake in their health care decisions, Pilzer predicts that non-emergency discretionary health care costs “could drop four fold” as patients bargain shop. Discretionary costs, he says, make up about half of what Americans spend on health care.

Source: Inside Consumer Directed Healthcare Newsletter

President's Message

Happy May! The months are just flying by. By the time you receive this newsletter, we will have had our 9th Annual Golf Tournament. I do believe we put on one of the best golf tournaments around, due in large part to our great golf committee. This year's golf committee included Stuart Avery, Bill Hanna, Chris McConathy, Brandan Martin and Chuck Rosen. Kudos to Chuck for obtaining the most sponsors we've ever had. A huge thank you goes out to Chris and Bill for taking the time to shop for all those fabulous raffle prizes. And last, but not least, many thanks to our volunteers who helped make the day a huge success.



I would like to take this opportunity (at the risk of stealing Chris Denton's thunder) to congratulate our chapter on being number two in the state for PAC contributions. Out of 12 chapters, we are currently in second place. That's amazing for our small, intimate chapter. Be proud of yourselves. VCAHU is getting on the map!

The Sales Symposium is just around the corner on Friday, June 2. By now, you should have received your registration flyer. Please register as soon as possible, and remember to dress up 70's style — you could win a prize for the best outfit!

Lastly, Brandan is still looking to fill a few board positions for next year (see related article, this page). Please let us know if you are interested in helping out.

Have a great month! See you at the membership meeting on May 16.

Debbie Blander
VCAHU President
2005-2006

2006 - 2007 Board of Directors Keeps Growing

by *Brandan Martin, President-Elect*

Since our last newsletter, we have added more talented volunteers to next year's board. These individuals will be inducted at the June Sales Symposium/Member Meeting by industry leader Alan Katz.

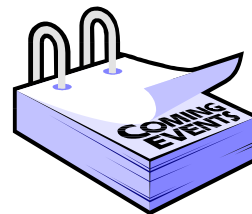
There is still room for more folks who would like to donate their time and expertise to our chapter. Anyone interested in one of our available positions may call me at (805) 987- 4560.

By way of announcement and as a reminder, listed below are those who have accepted board positions for next year:

President – Brandan Martin; **President-Elect** – Open
Immediate Past President – Debbie Blander;
Treasurer – Karen Wood; **Membership** – Chris McConathy; **Communications** – Bill Hanna/Anna Schuttenheim; **Education** – Open; **Legislation** – Connie Zarkowski; **PAC** – Open; **Secretary** – Juli Canter; **Newsletter** – Cindy Jones; **Golf Chair** – Stu Avery; **Awards** – Aline Roberts; **Members at Large** – Aline Roberts/Chuck Rosen.

Coming Events

Remember to RSVP to all member events.



- **May 16** - Monthly Membership lunch meeting (11:30 a.m. - 1:30 p.m.), Courtyard by Marriott, Oxnard; **Speaker: Brian Sullivan, "International Health & Travel Insurance" (1 hour CE, #179079)**
- **June 2** - 12th Annual Sales Symposium and final Membership Meeting (8 a.m. - 2:30 p.m.), Courtyard by Marriott, Oxnard
- **June 6** - Final Board Meeting (11:30 - 1:30 p.m.), Location TBD

Legislative Report *by Connie Zarkowski, Legislative Chair*

At our last meeting on April 20, we were fortunate to listen to the platforms of the leading candidates for State Controller and Insurance Commissioner. Tony Strickland, the popular former California Assemblyman gave us an interesting analysis of the ways that the state controller can save money and stimulate the economy. Mr. Strickland's wife Audra is our current Assembly representative, and the couple welcomed their first child Ruby, in late October. He enthusiastically supports insurance agents and recognizes their value to the system.

Steve Poisner is the only Republican candidate currently running for Insurance Commissioner. He will face either Cruz Bustamante (D) - Lt. Governor, Ex-State Assembly Speaker & '03 Candidate, John Kraft (D) Businessman and Democratic Activist, Jay Burden (AIP), Larry Cafiero (Green), Dale Ogden (Libertarian) or Tom Condit (PFP). My guess is that it will be Cruz Bustamante, the current Lieutenant Governor, who ran for governor against Arnold Schwarzenegger in the Gray Davis recall election. We will be inviting Mr. Bustamante to attend one of our future meetings.

Mr. Poizner, after declaring how valuable he believed insurance agents to be to the system, enlightened us on his views about the ways the insurance commissioner can influence the cost of health insurance. He believes that vigorously uncovering and prosecuting fraud will save millions of dollars that will accrue to the benefit of premium-paying citizens. He does not believe in a single payer, government run system, as does our current commissioner. If elected, Mr. Poisner will work actively with insurance agents who, he says, are "in the trenches" to help develop solutions to the rising cost of health insurance.

It is heartening to know that we have legislative candidates who are open to our role in the health insurance delivery system. I encourage all of our members to continue to educate their clients, friends and families about our value in enabling consumers to facilitate the purchase of often-confusing health insurance plans. We are here to help the client negotiate the system to obtain all of their benefits when they are needed. Mr. Poizner emphasized that we need to educate the public about what we do and we, in turn, asked him to do the same. I believe he will do just that.

VCAHU Comes in a Strong 2nd Place

by Christopher Denton, PAC Chair

This month, I am happy to report that VCAHU has now placed 2nd for highest PAC contributions out of 12 California chapters as of March 31, 2006. Our total contribution amount thus far is \$9,737, though we're only at 42 percent of the total annual goal for our chapter. The further good news is that we will surpass our chapter's 2004/2005 contribution total of \$9,997.

This money helps support laws and ideas that affect our industry. As Aline Roberts stated in our April newsletter, we must be at the table and a part of the discussion on health care if we are going to be a part of the solution. Your donations help support and empower our Legislative Council and lobbyists.

As of press time, April contribution numbers were not available, and I will include those numbers in my June report.

Thank you for your continued support.

Membership Report

by Jason Herbison, Membership Chair

As of May 1, 2006, we currently have 107 members. I want to personally thank each of you who have contributed to our ongoing recruiting efforts. Over the past year, we have added 21 new members to our chapter and have grown by seven percent. I'd like to take this opportunity to recognize all of our our new members:

Michael Ashamalla
Stephanie Berger
Julianne Canter
Matthew Alan Carroll
Scott Everts
Chad C. Fishman
Jonathan A Gerlach
Evan Gilroy
Mary Greenwood
Katherine Houlehan
Cynthia M. Jones

Matt Lockard
Luz Maria Matzen
Shelley R. Pierson
Charles P. Rosen
Anna Schuttenhelm
Melissa N. Storey
Francois C. Visser
Norman H. Walker
Stephen Ware
Fred Ziegler

As we move toward wrapping up a very successful year, please be mindful of your VCAHU renewal date, especially over the summer. I encourage you to set up automatic payments whenever possible. Thanks for a great year.

VCAHU
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