

Look Who's Watching Your Health Expenses

In a bid to control spiraling health care costs, a growing number of employers and health insurers are turning to services that essentially audit an employee's health care and look for ways to both improve outcomes and save money. But critics contend that some of these programs intrude into the private relationship between patients and their doctors, and that they add yet another layer of bureaucracy, while saving money mostly by denying or switching specific drugs and procedures.

The services are provided by companies known as care managers or integrated-health managers. Healthways Inc., ParadigmHealth Inc. and others in the business often review doctors' treatment plans to make sure they conform to evidence-based practices established by medical standard-setting bodies. Based on the results of these reviews, the companies then may nix certain drugs or procedures. Some services also help coordinate care for seriously ill people, including finding appropriate hospitals and therapies, and helping them deal with the tangle of health care red tape.

Some care managers also provide medical second opinions, with the idea that an incorrect diagnosis can waste money. J.B. Hunt Transport Inc. and ConAgra Foods Inc., for instance, offer their employees the second-opinion services of Best Doctors Inc. as a free, voluntary benefit: Workers and their families aren't required to use the service and don't have to take the advice.

Care-management companies have been around for years, offering various services mainly to hospitals. Recently, though, these companies have begun marketing to large employers, including PepsiCo Inc., Principal Financial Group Inc. and EMC Corp. Today, there are more than 200 care managers providing programs designed to save employers and health plans money by reviewing employees' health-care claims and targeting high-cost cases for special management, according to research by consulting firm Deloitte & Touche LLP. But as the use of care-management providers has spread, so has a backlash from some patients, especially when the services aren't optional.

Edite Donatelle, a 46-year-old physical therapist in Park Rapids, Minn., says she found care-management services provided by her insurer to be intrusive. She says she received repeated phone calls about her asthma and her husband's multiple medical issues, even when she asked them to stop.

"I don't want to talk to a stranger on the phone about my health care when it is being controlled very well by my doctor," Ms. Donatelle says. "I don't see the need for another stranger in the mix."

A spokeswoman for (the insurer) declined to comment on Ms. Donatelle's case, but said: "Our research shows that over 90% of members who participate with our care-management programs say they are satisfied or very satisfied with their interactions in the programs."

Other critics say care managers can be rigid, not taking into account differences among individual patients, and the judgment of doctors and nurses on the scene.

"The patient's physician should ultimately be the one in charge," says Cecil Wilson, immediate past chairman of the American Medical Association. He says care-management programs can be helpful in delivering quality health care so long as cost reduction isn't the primary consideration.

But care managers don't always steer patients to the least-expensive drugs and procedures. Jamie Rochowiak, a 31-year-old mail handler at Hess Print Solutions Inc. in Brimfield, Ohio, says she had suffered several ministrokes but still couldn't quit smoking. She says a care coordinator from Quantum Health Inc. intervened to get her employer's health plan to cover an antismoking drug after her claim initially was denied. "They got me approved for a prescription that I really needed that wasn't covered by my insurance. They have helped me out tremendously," she says.

President's Message



“California’s health care system works for the vast majority of its citizens. Yet we can do better. Improvement requires strong leadership, a thorough debate of all proposals and, ultimately, difficult compromises and decisions.

“The California Association of Health Underwriters believes the time is right for a solution that provides basic health care coverage to all Californians without risking their financial health or that of the state. We believe this can be accomplished without limiting the people’s ability to choose the health plan which best fits their needs and assures them continued access to the services of independent - state-licensed - counselors and advocates: professional health insurance agents.”

These words, taken from the CAHU Healthy Solutions web page, so aptly describe the CAHU focus that they bear repeating for all of our local members.

On September 14, the governor called a special legislative session to deal with AB 8, a bill that he recently vetoed. The governor wants to see changes in this bill that involve spreading the financial burden beyond the state’s employers. Proposed agreements with doctors and hospitals will allow them to recoup some of the mandated fees required by this bill from the federal government through Medicare reimbursements. Beyond the funding, this bill still has many flaws that would be detrimental to our clients and our industry.

I urge you, as members of our local association, to take the time to visit the CAHU website at www.cahu.org and get educated about the issues, send the preformatted letters to your clients and get them involved.

I want to say thanks to all of you who came out for our first meeting in which Armando Cabrera of Health Net gave an informative presentation on Healthy Families. Our next meeting will be our annual Consumer Ed Day, and we will host one of our local members and CAHU President-Elect, Don Jones who will share with us an update on the state of the industry in California and discuss in detail the effects that AB8 could have on agents, employers and consumers if passed into law.

Jason Herbison

**VCAHU President
2007-2008**

AB 8 Update

by Connie Zarkowski, Legislative Chair

There is a great push to get something done during the special legislative session that is currently in progress. The Democrats want this issue resolved before going into the 2008 election cycle. CAHU continues to work on certain parts of the bill with legislators. There is a possibility the bill might pass with no funding and then would go on the June ballot for citizens to vote on it.

Our lobbyist, Steve Lindsay, reported that the governor won’t provide any numbers, and that no one has talked about distribution. The governor has said the system needs agents as opposed to eliminating them in the legislation. He is aiming for an individual mandate and an employer mandate that has ERISA pre-emption problems.

If it looks or smells like an employer mandate, it won’t pass the ERISA test. Under the governor’s proposal, the risk pool is for individuals and employers who won’t provide coverage. Employers would have to pay 2 percent into the pool if they don’t provide coverage. This would apply to employers of ten or more. Under AB 8 it was 2 or more.

Interestingly enough, all of these efforts may be in vain. Even if they come up with a plan, it may not pass the funding on the ballot in the fall. Any funding increase calls for a two-thirds vote. If the ballot measure fails, it will all go away. We can only hope...



Recruit a New Member Today!

by Nicole Allyn, Membership Chair

We would like to thank all of our current and renewing members for their continued support. Currently, our chapter has 95 members. I encourage all of you to get out there and talk to your colleagues and fellow agents to get that number over 100 members! Remember that if you sponsor a new member now through December, you will be entered in a \$50 gift card raffle. The more members you get to join, the more chances to win! Our next meeting is our Consumer Education Day, and this is a great opportunity to bring a new member to learn about issues that will affect them. We hope to see you and your recruits there!



Ventura County Association of Health Underwriters

TUESDAY, OCTOBER 16, 2007

VCAHU's Membership Meeting

**CONSUMER EDUCATION DAY
FOR AGENTS AND CLIENTS**

9:00 a.m. – 12:00 p.m.
(Registration Begins at 8:30 am)

***Agents: Update Your Clients on the Most Recent Proposed
Healthcare Legislation and Its Impact on Their Business***

**Presented By:
Don Jones
CAHU President-Elect**

**RSVP by
October 12th, 2007:**

Email: VCAHU_News@pesc.com OR

**Call:
(877) 623-7830**

OR

**Fax:
(559) 227-1463**

Meeting Venue:



Courtyard by Marriott
600 East Esplanade Drive
Oxnard, CA

**Payment Mailing Address:
VCAHU
P.O. Box 1071
Fresno, CA 93714**

Registration Fees:

COST: \$25/person (Includes Full Breakfast)
or \$175/table of eight

Please RSVP

me: _____

Guest#1: _____

Guest#2: _____

Guest#3: _____

Guest#4: _____

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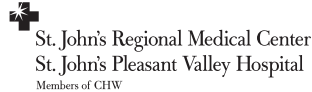
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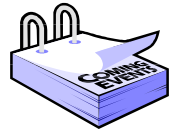
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Assurant

Calendar of Events



- **October 16** - Consumer Education Day (8:30 a.m. - Noon), "**Legislative Updates for Agents and Clients,**" **Presenter: Don Jones, CAHU President-Elect,** Courtyard by Marriott, Oxnard
- **October 25** - CAHU Sales Conference, Hilton Los Angeles Airport Hotel
- **November 6** - Board of Directors Meeting (9 - 10:30 a.m.), Westlake Village
- **November 20** - Monthly Membership Meeting (11:30 a.m. - 1:30 p.m.), "**Medicare and Medicare Part D,**" **Presenter: Katharine Raley, Area Agency on Aging/HICAP,** Courtyard by Marriott, Oxnard

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