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# Health Insurance

News and Tips for America's Benefits Professionals

*Underwriter*



**Inside:**  
The Latest on Consumer-Directed  
Health Care Plans • Dealing with  
the ARRA COBRA Subsidy

# This Month's EXPERTS



**Andy Bartel**, whose article discusses new technology for FSAs, is the vice president of sales, group division, for TASC (Total Administrative Services Corporation). Andy is experienced in sales, marketing and management at district, state, regional and national levels and has personally recruited hundreds of active TASC producers. An expert on FSAs, HSAs and HRAs, Andy has conducted numerous continuing education sessions, broker sales training seminars and client enrollment meetings.

Prior to his current position, Andy was a regional sales director and sales manager with TASC. He has a Bachelor of Arts degree in public relations and psychology from the University of Wisconsin-Whitewater.



**Kevin Blank**, author of "Don't Leave the Consumer out of Health Care Reform," is executive vice president of Avon, CT-based Evolution Benefits. Before joining Evolution Benefits, Kevin was the president and chief operating officer of BenefitPoint Inc., a San Francisco-based employee benefits technology firm. Prior to that, he was managing director of Internet Health-Care Group, a health care information and technology focused venture capital firm. He has also served as president and CEO of Women's Health USA and as a senior executive of Value Health. Kevin earned a bachelor's degree (with honors) from Boston University, where he also earned a master's in public health.



**Gary Fradin** continues his series on why health insurance is so expensive this month with a look at uneven treatment quality. Gary is the president of HealthInsuranceCE, a website entirely devoted to health insurance continuing education. He is also the author of *Moral Hazard in American Healthcare* (2007) and *Healthcare Problems and Solutions* (2008).

Gary lectures regularly to broker organizations and provides live CE classes nationwide. He is also a broker licensed in Massachusetts and a member of the Massachusetts AHU. He holds a B.A. from Lancaster University (UK) and graduate degrees from London and Harvard Universities.



**Dean Hoffman**, who writes about the differences that cooperatives bring to health care, has been in the insurance industry for more than 30 years. He has expertise in a broad range of employee benefit consulting, including prescription drug plan analysis and all funding arrangements for large-group plans, including insured, minimum premium, stop-loss and self-funding. He is the director of strategic accounts for National CooperativeRx in Madison, WI. Dean has chaired NAHU's Membership Committee and is a past president of the Wisconsin AHU. He is a 2004 recipient of the NAHU Distinguished Service Award and the WAHU Robert C. Gilray Distinguished Service Award recipient in 2007.



**Henry Loubet**, who discusses the future of CDHPs in his article, is chief strategy officer for Keenan & Associates (Torrance, CA). Henry came to Keenan in the spring of 2003. Named in 1997 as one of California's Top 100 Health care Executives, he has considerable accomplishments in executive level managed health care, hospital administration and e-health care.

Henry has extensive managed health care experience, with UnitedHealthcare where he served as CEO of the Western Region. Prior to that, he was president of Foundation Health of California. Before that, he was senior vice president and regional executive of Health Net. He also served as vice chairman/chief operating officer of DrugEmporium.com from 2000 to 2003.

Henry holds master's degrees from University of Pittsburgh and University of San Francisco, and a bachelor's degree from Rider University in New Jersey.



**Matt Manders** ("What Your Customers Should Know...") is senior vice president of CIGNA's Total Health, Productivity, Network & Middle Market, focusing on both health care and group business. Matt was promoted to this position in June. He previously served as president of Customer Segments and Network.

Matt has more than 22 years of operational and financial experience at CIGNA. Prior to leading Customer Segments and Network, he served as president



# With or Without Health Reform, Cooperatives Make a Difference in our Industry

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As someone who has often been involved in NAHU's lobbying efforts, I have been closely following the battle raging in Washington over health care reform. Particularly interesting to me is the idea of creating health care cooperatives to help make health insurance affordable, as I spend a lot of my time these days explaining cooperatives and how they are different.

With or without a co-op option in health reform, health cooperatives can and do exist. Cooperatives have existed in our country in many different industries since the first one was started by Ben Franklin in 1752. The cooperative I work for, National CooperativeRx, was founded six years ago by three Wisconsin employer coalitions whose members desired to control their overall drug spend, make better decisions with better data and gain access to transparent information about their pharmacy management. Since these employers couldn't find what they were looking for in the existing PBM market, they formed their own company and structured it as a cooperative.

Today, National CooperativeRx purchases pharmaceutical benefits on behalf of 450 employers and employer coalitions nationwide, covering 250,000 employees and dependents. That kind of purchasing power nets more than just deeper discounts and rebates. It also gives the co-op the ability to negotiate a best-in-class contract with a PBM that reflects what employers want: cutting-edge clinical programs, analytics and reporting, and the ability to conduct regular, independent audits to ensure financial accountability. These value-added services are not just a company philosophy; they are a mandate required by the employer-owned model. As a co-op, what we do has to be completely aligned with our members' priorities.

The cooperative principles of transparency, accountability and commitment to service are a good fit for the complex health benefits industry. Pharmaceutical benefit management is often described as a shell game, but our purchasing clout means we can insist on independent au-

dit that ensure members are getting everything we've negotiated in the PBM contract. We also have an entire team of specialists to help employers navigate the ever-changing world of pharmacy benefits.

On their own, employers would have to dedicate an incredible amount of manpower to stay ahead of the curve and achieve value in their drug spend. That is particularly true when clinical programs aimed at cost containment and employee wellness programs are added to the mix. Together under the cooperative umbrella, employers have an entire staff dedicated solely to pharmaceutical benefit management, and they've directed organizations like ours to manage these complex issues on their behalf.

The ownership stake members have in their cooperative is also important to understand. Cooperatives either reinvest profits in new and improved services for members or the profits are returned to their members in the form of dividends. In other words, all of our members become our shareholders and have a vested interest in the financial health of the cooperative.

We're fortunate in Wisconsin to have several examples of successful cooperatives that have thrived in their markets and survived the test of time. What they have in common is a dedicated group of founding members that put the interests of the co-op's constituents first when their governing bylaws were approved. They also thrive without a lot of interference from government regulators. After all, when a company is governed by a board of directors made up of individuals buying its services and elected by its entire membership, there isn't much left for government to do.

It's a great example of what the private sector can do on its own to address the rising cost of health care. In our six-year existence, we've grown exponentially, which has allowed us to do more for our members. Now that our purchasing clout has reached 250,000 members, the potential for what we can do for our members is boundless. **HIU**