

Business Insurance

Reporting Weekly on Corporate Risk, Employee Benefit and Managed Health Care News / \$4

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\$143.4 million in damages awarded in gas explosion

HOUSTON—A group of gas pipeline companies is expected to ask a state court to throw out a \$143.4 million jury verdict stemming from a big 1992 gas explosion.

A Houston jury last week awarded \$5.4 million in actual damages and \$138 million in punitive damages to 22 people whose homes were damaged or destroyed in an April 1992 explosion at a Brenham, Texas, underground gas storage facility operated by Seminole Pipeline Co. The explosion killed three people and injured 23 others.

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Dow Corning wins coverage from jury

Dow Chemical now set to battle for coverage

By JOANNE WOJCIK

DETROIT—Only days after a jury verdict that could mean up to \$1 billion in coverage for Dow Corning Corp., Dow Chemical Co. is gearing up for its own federal court battle over coverage for breast implant liabilities.

Dow Chemical's coverage action, which involves four insurers that wrote product liability and general liability coverage for a total of 40 years, is now before U.S. District Judge Gerald Rosen in Detroit.

But, before either coverage action ever went to a jury, Dow Chemical and Dow Corning, its 50/50 joint venture with Corning Inc., had to resolve a dispute of their own.

In papers filed with the U.S. Bankruptcy

Court overseeing Dow Corning's reorganization, Dow Chemical had objected to out-of-court settlements that Dow Corning reached with 13 insurers (*BI*, Feb. 12). Dow Chemical argued that those settlements—worth about \$1.2 billion in coverage and cash and still requiring bankruptcy court approval—were premature and, when they were for less than policy limits, diminished the value of coverage available to pay liabilities of Dow Chemical as an additional insured.

Dow Chemical did not make implants but has been found liable in several lawsuits because of its early involvement in the testing and marketing of the silicone used in them. So far, the chemical company has been named in about 13,000 breast im-

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Missouri strikes deal for CIGNA policyholders

By DAVE LENCKUS

CIGNA Corp. policyholders in one state will be able to choose whether their asbestos and environmental liability claims will remain with active operations or be placed in a new runoff entity.

Missouri regulators struck that deal with CIGNA on Feb. 10, a day after the insurer cleared its final regulatory hurdle for the eight states that had to sign off on portions of the controversial reorganization plan before CIGNA could implement it.

One major Missouri policyholder, though, will not have to choose since CIGNA last week agreed to settle all of its claims.

Regulators in California and Michigan are now seeking similar deals for CIGNA

policyholders in their states. While the CIGNA reorganization could unravel if more policyholders are allowed to remain in the active operation, policyholder attorneys question how other regulators could fail to seek similar treatment of policyholders in their states.

However, regulators in several other states involved in the approval process, including Pennsylvania, say they will not renegotiate the terms of the plan.

CIGNA has insisted since announcing its reorganization plan last fall that the transaction is structured so that policyholder approval is unnecessary.

Indeed, the success of CIGNA's plan hinges on moving most of its long-tail liabilities to the runoff operation. Isolating

See CIGNA on page 45

Some rates to rise after bomb blast

By SARAH GODDARD

LONDON—Reverberations from the bomb that shook London earlier this month will be felt for months to come.

A week after the Feb. 9 explosion that left two dead and injured more than 100, insured damage estimates range from £75 million (\$115.3 million) to £150 million (\$230.6 million).

Risk managers and insurers were told to expect rates to increase for terrorist coverage at Lloyd's of London, but not at government-backed Pool Reinsurance Co. Ltd.

Late last week, nine buildings at the center of the blast area still could not be entered. Glass shards were falling from vitreous-clad offices, creating a safety hazard.

Loss adjusters were only starting to assess the structural damage to those buildings they could get into—so notice of claims were only just beginning to seep

Initial estimates of insured damages up to \$230 million



Falling glass prevented adjusters from getting to many buildings damaged in the Feb. 9 Docklands bombing.

through to insurers.

Only minimal claims were reported by Leslie Lucas, chief executive of Pool Re, and Raymond Dumas, underwriter for syndicate 1028, which is managed by Wellington Underwriting Agencies Ltd., who leads a terrorism facility within Lloyd's.

And Mark Donald, underwriter for syndicate 33, which is managed by Hiscox Syndicates Ltd. and provides terrorism coverage in association with security specialist Control Risks Ltd., had not seen any claims and had received just one notification of potential exposure in the rejuvenated Docklands section of East London.

"We have received preliminary notifications, but no values yet," said Pool Re's Mr. Lucas. And he has not even received preliminary notices for some of the larger buildings with substantial damage—a factor, probably, of loss adjusters' inability to

See Bomb on page 45



GRAPHIC BY KIM FOME

Aetna keeps analysts guessing

Market speculates on whether it will buy HMO or find another use for money

By JUDY GREENWALD

HARTFORD, Conn.—Aetna Life & Casualty Co. has its work cut out for it finding a home for \$4 billion.

The insurance company, which stands to gain about that much from the sale of its property/casualty operations to the Travelers Corp. (*BI*, Dec. 4, 1995), is expected to announce plans to acquire a managed care company by April 1.

However, partly because of Aetna's announced interest in the area, the prices of health maintenance organization stocks are soaring, making such a deal con-

siderably more costly.

As a result, analysts speculate Aetna may choose to put its money elsewhere. And even if Aetna does find the right HMO to purchase, it still faces the formidable challenges inherent in any big acquisition, including reconciling different corporate cultures.

Market observers say that no health insurer to date—including Aetna—has been an outstanding success in the managed care arena compared with their more nimble and innovative HMO competitors.

Aetna is seeking an acquisition that would provide it with market density, strong management and

the infrastructure, systems and technology that is suitable for a large national base of clients.

Cypress, Calif.-based PacificCare Health Systems, which is strong in the profitable and growing Medicare HMO market (see story, page 20), is the name that crops up most frequently as a likely acquisition candidate. Numerous other HMOs have been cited, as well, including: Louisville, Ky.-based Humana Health Care Plans Inc.; Blue Bell, Pa.-based U.S. Healthcare Inc.; Fountain Valley, Calif.-based FHP International Corp.; and Norwalk, Conn.-based Oxford Health Plans Inc.

Although Aetna is expected to

buy a major HMO, it also has numerous other options.

It could purchase several smaller HMOs or purchase another health care entity, such as a physician practice management firm. It could use the funds to buy back its shares or pare down its debt.

Aetna could embark on a joint venture or even follow an entirely different strategy and sell off its existing managed care operations. Aetna has indicated that it also intends to focus on its two other remaining core businesses: retirement services and international business.

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Updates

Firms to appeal blast verdict

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The jury found that Seminole and affiliates Mid-America Pipeline Co. and MAPCO Inc., all of Tulsa, Okla., were grossly negligent and acted with malice. Through an intermediate holding company, MAPCO owns 100% of Mid-America and 80% of Seminole.

Calling the award "excessive and inappropriate," the companies said last week that they would seek a new trial. The companies also argued that any award should be subject to a Texas statute capping punitive damages at four times actual damages, which would limit last week's punitive award to \$27 million.

Representatives of MAPCO and its broker, Chicago-based Aon Group, declined to comment on the insurance.

MAPCO is a member of Oil Casualty Insurance Ltd., a Bermuda-based energy industry captive that provides up to \$100 million in umbrella liability limits excess of at least \$50 million.

However, Seminole had earlier reached a reported \$100 million settlement with 21 other plaintiffs in the blast.

Satellite launch explodes

LONDON—International insurers will have to pay about \$200 million to cover the failed launch of an Intelsat 708 satellite last week in China.

Insurance is expected to fully cover the satellite, which was destroyed Feb. 14 during an explosion of its launch vehicle, a Chinese Long March rocket, shortly after liftoff. It was the second loss in 13 months for China's space program and likely will result in higher premiums for future Chinese launches.

The Washington-based International Telecommunications Satellite Organization secured coverage last year for the satellite and nine others that it plans to launch in the next three years. Coverage was placed internationally by International Space Brokers Inc.—a consortium of New York-based Frank Crystal & Co., London-based Crawley Warren & Co. Ltd. Inc. and Paris-based Groupe Le Blanc de Nicolay—with about 25% at Lloyd's of London, led by the Marham Space Consortium of 23 syndicates. ACE Ltd. also wrote coverage.

Simon Clapham, underwriter at Marham, said rates on future Long March launches, which already were higher than those on other launches, likely will rise because of the recent loss. He said premiums for launches outside China are unlikely to be affected, as rates on launches scheduled for this year are already set.

Ruling may affect E&O market

PITTSBURGH—Professional liability insurers are facing another potentially large loss after a federal jury in Pittsburgh found in favor of investors seeking \$150 million in damages from Coopers & Lybrand L.L.P. for reckless auditing of Phar-Mor Inc.

The jury found that Coopers & Lybrand violated securities fraud laws by failing to spot massive fraud while auditing the discount drug chain. In 1992, Youngstown, Ohio-based Phar-Mor entered bankruptcy after embezzlement left it with \$1 billion in losses.

While the jury found Coopers & Lybrand reckless in its audit of Phar-Mor, another trial will be needed to determine damages, said Sarah Wolff, a partner at Sachnoff & Weaver in Chicago who represented Sears, Roebuck & Co., one of five investors suing the auditor.

Coopers & Lybrand Chairman Nicholas G. Moore said in a statement that damages would not exceed \$50 million.

Coopers & Lybrand has insurance to cover the liability, but the details have not been revealed, Ms. Wolff said.

Coopers & Lybrand would not comment on its insurance, but observers believe the accounting firm is covered under the professional liability line slip established by London-based broker Minet Group P.L.C. to cover large accounting firms.

The line slip has been restructured several times in recent years as errors and omissions insurers have suffered several large losses.

Fidelity moves into benefits

BOSTON—Fidelity Investments, the nation's largest mutual fund company and one of the largest 401(k) plan investment providers, is moving into full-scale benefit administration by expanding its retirement plan business to health, 401(k), pension and other benefit plans.

Although five companies have contracted with Fidelity Institutional Retirement Services Co. for retirement plan administration, Mead Corp. of Dayton, Ohio, is the first to contract with Fidelity for complete benefit plan administration, Fidelity said.

John A. Haslinger, a former principal at Buck Consultants Inc., is now Fidelity's vp of health and welfare services, responsible for all product development initiatives, client development and client servicing in the health and welfare area.

\$450,000 harassment award

NEW YORK—Columbia University must pay a former employee \$450,000 after a jury ruled last week that the university had failed to investigate her claims of sexual harassment by a supervisor, though the jury also found the complaints without merit.

A federal jury in Manhattan on Tuesday found that officials did not properly look into 1988 and 1990 complaints by Sharon Karibian, a former employee in the university's fund-raising department.

In 1994, a federal appeals court ruled that employers can be sued for sexual harassment even if the alleged victim suffers no economic harm and the employer tried to remedy the situation (*BI*, Jan. 31, 1994).

Columbia, the jury said, violated her rights under Title VII of the Civil Rights Act by not thoroughly investigating her complaint.

The university will seek to have the verdict overturned.
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Liability relief expected in revised Superfund bill

By MARK A. HOFMANN

WASHINGTON—Markedly more companies would escape past Superfund liabilities under a bill to be introduced next month in the House of Representatives, insurance and business groups predict.

They predict the Superfund law's retroactive liability would be scaled back under an amended version of H.R. 2500, the Superfund Reform Act of 1995, that Rep. Michael Oxley, R-Ohio, is expected to introduce.

Rep. Oxley, the leading advocate of Superfund overhaul in the

House, is not commenting and has not released draft versions of the amendment. However, taking cues from comments by fellow House Republicans, observers predict big changes in the bill.



Mr. Oxley

get more (potentially responsible parties) out of the system and reduce transaction costs," said Julie

Panel supports current system of pollution regulation.....**Page 44**

A. Rochman, assistant vp with the Alliance of American Insurers in Washington. "Inasmuch as it is going to reduce transaction costs further, we support that."

"We'd be very heartened by any return to the elimination of retroactive liability and joint and several. I think those two things have to go hand in hand," said David Haight, who is vp of government affairs for the Risk & Insurance
See Oxley on page 44

Cat modeling software drives up cover costs

By ROBERTO CENICEROS

Risk managers with large property programs in California will find new holes in their earthquake coverage this year as insurance companies and reinsurers rely more on a particular computer catastrophe modeling program to price their exposure and determine capacity.

Companies with large, layered programs and those with national programs that include California properties are expected to be hit the hardest, and the greatest difficulty is expected to be in locating excess layers of coverage between \$10 million and \$50 million.

"There is still primary capacity, but when you get above that it starts to get very difficult," said Michael J. Hudson, a senior vp and property insurance specialist for Johnson & Higgins in Los Angeles.

Experts cite two key reasons the impact is being felt now: insurers that bought catastrophe modeling software two or three years ago are now actually using it in underwriting decisions, rather than simply as a double-check; and a new version of the most common modeling program, which incorporates lessons from the 1994 Northridge, Calif., quake, indicates that probable maximum
See Quake on page 41

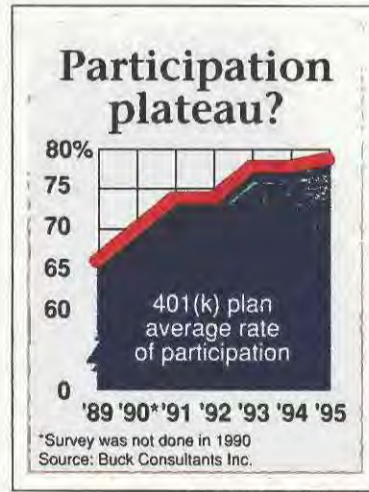
401(k) enrollment flat Plan enhancements not enough: Study

By SALLY ROBERTS

Despite the lure of a wider array of investment options and improved educational efforts by plan sponsors, 401(k) participation may be at a plateau.

Among employers that offer at least one of the savings plans, 79% of eligible employees participated in 1995—a rate that is little changed since 1992 (see chart)—according to a new survey by Buck Consultants Inc.

That stagnation comes even as employers are increasing the number and types of investment offerings, in part to attract more
See 401(k) on page 43



GRAPHIC BY JOHN HALL

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• Fifteen drug companies have offered to settle pharmacies' claims of discriminatory pricing. **PAGE 38**

• Lloyd's chairman is confident members will accept the market's settlement fund allocation plan. **PAGE 39**

• More employers are implementing work/family programs. **PAGE 44**

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Spotlight report

Evolution of disease management

Employers aim to prevent problems

By JOANNE WOJCIK

Disease management programs are beginning to address problems before symptoms and costs escalate.

Rather than simply targeting employees already stricken with a specific illness, many disease management programs today use prevention and early intervention techniques for controllable conditions such as asthma, diabetes and hypertension.

Other programs are collecting data on outcomes to help establish protocols for physicians to follow.

Generally, the programs target the 10% of the participants in an employer's health care plan that typically generate 90% of employee health care costs.

"The definition of disease management is still evolving," observed Allison Kalban-Gernett, a principal with benefit consulting firm Apex Management Group in Princeton, N.J. "Initially, disease management was the use of pharmaceutical products to control disease, but it's become more encompassing. Now it includes prevention and early intervention."

Some programs use the same type of health risk appraisal forms used by wellness plans, she added.

With the field changing, it is no longer dominated by pharmaceutical companies and pharmacy benefit management firms. Hospitals, health maintenance organizations and case management firms are getting into the act, she said.

"Disease management is not new. It's just the old public health model" of prevention, education and management, explained Dwight McNeill, health care information manager for GTE Corp. in Boston.

Like other types of managed care, disease management follows a "continuum of care" from least aggressive to most aggressive.

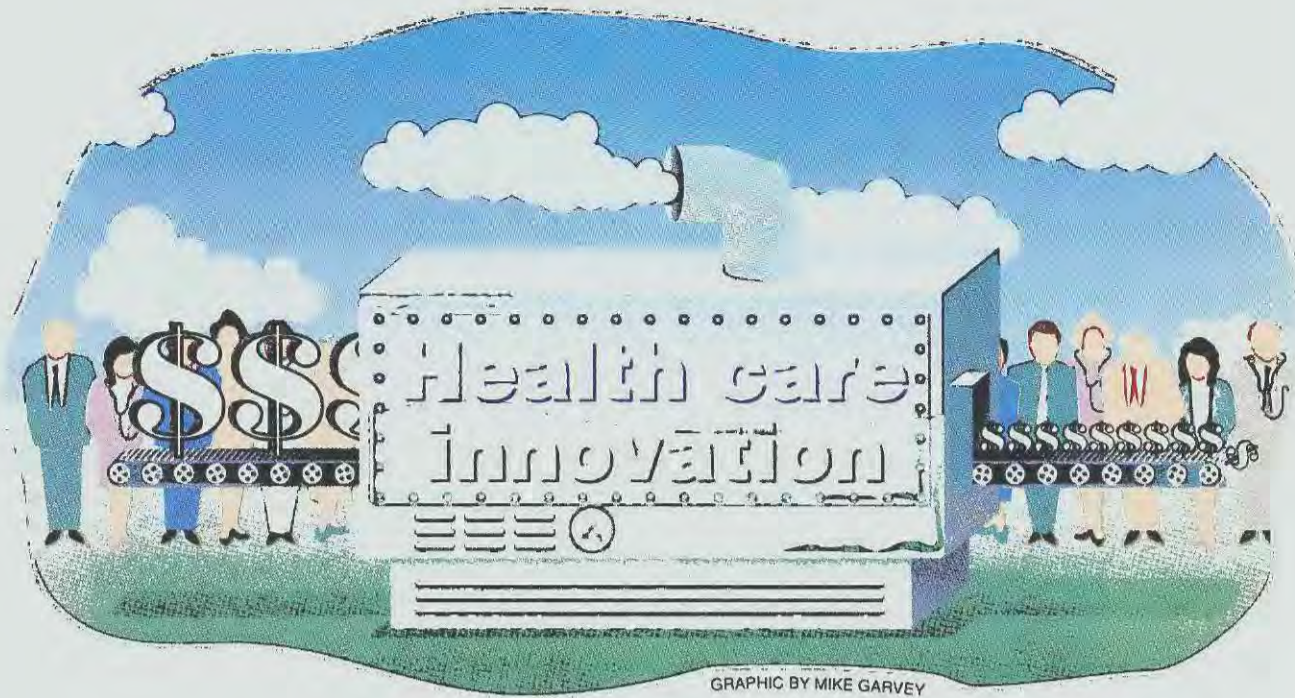
At the least aggressive end of the spectrum is a pharmaceutical plan usually run by drug makers, prescription benefit firms or specialty drug suppliers. These programs use insurance claims data to find out which employees would be good candidates for certain drug-based therapies and sends them patient education materials and an invitation to join up. Participation is usually voluntary.

The second type of disease management program, the "care coordination model," provides more education and support to patients as well as their families. This is often linked with community-based disease management programs, so that workers receive encouragement both inside and outside of the workplace, Mr. McNeill said. Participation is also voluntary.

The third type is an "accountability model," which focuses on providers rather than patients. Using outcomes data, "employers hold plans accountable for outcomes by disease," Mr. McNeill explained.

Many employers mistakenly believe "that to cut

See *Disease* on next page



GRAPHIC BY MIKE GARVEY

Medicine enters a whole New Age

More health plans mixing traditional care with alternative treatments

By RODD ZOLKOS

Your tests came back. It was cancer after all. But the doctor says you're lucky; it was diagnosed early and it's a particularly treatable form. So,

on to the high-tech business of getting well—chemotherapy, radiation.

No surprise that your doctor is prescribing those. But the other part of the state-of-the-art treatment takes you a back: You've just been referred to an alternative medical center where:

- An herbalist will help ease discomfort after chemotherapy.
- A yoga instructor will help you develop relaxation skills to ease the anxiety over your illness.
- A massage therapist will improve your circulation and reduce tension to strengthen your body's natural defenses as you recover.

And, over the long term, you'll enter an ayurvedic program that employs techniques developed in India thousands of years ago to promote your future wellness.

What's even more surprising is most

of these "alternative" treatments are covered by your HMO.

Well, maybe not everywhere, but some health maintenance organizations are responding to consumer demand for greater access to alternative medical techniques within their programs.

Studies by the Harvard Medical School and others have indicated that more than one in three Americans has utilized the services of alternative medicine specialists, and the National Institutes of Health estimated that more than 80% of those using such services do so in conjunction with conventional treatment.

The 1992 Harvard study "really knocked the socks off of conventional medicine because they had no idea the public was using alternative medicine that much," said Dr. David Edelberg, medical director of American Holistic Centers, a group of alternative medical practices based in Chicago.

Still, the medical establishment's acceptance of alternative health care practices is slow in coming, he said. "Traditional M.D.s are not embracing it because they've been educated in

one system. They have been educated in Western medicine."

"Right now it's strictly a consumer-driven phenomenon," Dr. Edelberg said. "Some insurance companies are looking at it with some interest because of the cost-effectiveness of it. Others aren't looking at it because they're saying, 'Why should we pay for something that the patient is already paying for himself?'"

Regardless of who's paying, the cost difference grabs attention.

"If you can address lower-back pain with acupuncture and chiropractic therapy for \$400, you can circumvent the orthopedist and his laminectomy that would cost \$40,000," Dr. Edelberg said.

"If you're not spending \$5,000 in pills and instead you're spending \$1,000 on chiropractic, aren't you as an insurer better off?" asked Harry Blair, executive vp of New York-based health care consulting firm Creative Health Concepts.

And, facing pressure for capitation of treatment costs, alternative medicine could help many primary care

See *Alternative* on page 12

Cost inflation down but not out

Benefit managers winning, but fight far from over, experts warn

By DAVE LENCKUS

Like a sore-knuckled pugilist who had been on the ropes for several rounds but has battled back through tactical acumen, benefit managers are knocking the bounce out of the legs of health care cost inflation.

Although the match is far from over, benefit managers should expect low inflation rates over the next three to five years, agree many consultants, benefit managers and health care economists.

But, experts warn that costs again could spike and drop bene-

fit managers who either lower their guard or do not modify their fighting styles in the face of recent punchless health care inflation.

That's because less than top-rank quality care and excessive plan administration costs, among other things, still leave the system with plenty of fat, they say. If that is true, then health care costs still are higher than they should be.

"If somebody keeps punching you in the face and then instead they start kicking you in the knee, it hurts a lot less, but it still hurts," observed L. Fred Hamacher, vp-compensation and benefits for retailer Dayton Hudson Corp. of Minneapolis.

William J. Falk, a principal with benefit consulting firm Towers Perrin in Chicago, agreed. Health care costs are not low, he said. Inflation is "just not out of control."

Some experts also think that benefit managers in the years ahead still will face cost-control challenges even as managed care strengthens its grip on the nation's health care delivery system.

Experts say health care payers will have to contend with intensified cost-shifting efforts by providers and the tough social issue of when to use costly medical technology advancements.

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Spotlight on:

Health care innovations

Declining self-interest? More employers are dropping self-funded traditional indemnity plans in favor of HMOs and other managed care programs **Page 17**

The power of networking Bay area brokers and mid-sized employers form a coalition to offer more managed care options..... **Page 19**

A win-win-win situation Employers, retirees and HMOs all seem to benefit from Medicare risk HMOs. As a result, the number of such contracts is likely to grow..... **Page 20**

Directory of utilization review providers and case management firms

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Spotlight Editor
Dave Lenckus

Disease

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costs we have to cut benefits," he said. "To me this is the wrong course. We should have outcomes in mind. If we hold the doctors accountable for outcomes, then the cost issues are really quite secondary."

Supporters of the accountability model include the Foundation for Accountability, a Portland, Ore.-based organization of public and private employers dedicated to ensuring that health care consumers get information based on quality of care (BI, Oct. 2, 1995).

The group is currently working on a set of outcomes measurements for asthma, breast cancer, depression, coronary artery disease, low back pain and diabetes, said Mr. McNeill, its chairman.

The fourth, and most aggressive, type of disease management program actually is still being developed.

Called "interactive guided care for patients," this type of program would let patients use technology, such as interactive videos accessible by cable TV connections and personal computers, to capture information and direct their own diagnoses and treatment.

In the future, "the patient will take more responsibility for the decision-making," Mr. McNeill explained.

For example, "if someone is diabetic and they're concerned about their condition and can report their symptoms, use self-administered tests, buy supplies, find out more about their disease," the program will enable them to "get information very quickly in a very user-friendly format," he said.

If the popularity of the Internet and World Wide Web are any indicators, "I think people will get into that very quickly," Mr. McNeill predicted.

Besides, "whose body is it anyway?" he asked, rhetorically. "We ought to be much more responsible."

The State Teachers Retirement System of Ohio, which recently contracted with Seattle-based case management firm Employee Managed Care Corp. to direct its comprehensive disease management program, is taking one of these more aggressive stances.

"We're not only interested in people who might have one of these conditions, but also those whose claims histories look like they might benefit from counseling," said Sara Durfee, clinical programs coordinator for the 75,000-member retirement system

based in Columbus, Ohio.

For example, retirees without primary care physicians who are suffering from symptoms normally associated with targeted conditions should be dissuaded from using specialists and emergency rooms, she said.

Among the conditions being targeted for disease management are: asthma, chronic obstructive pulmonary disease such as emphysema, coronary artery disease, depression, diabetes, hypertension, osteoarthritis and rheumatoid arthritis.

The approximately 10,000 retirees expected to be enrolled in the disease management program will be divided into two groups:

- Those who are chronic and stable, not suffering any complications.
- Those who are chronic and intensive, meaning they might bene-

fit from additional counseling, have more than one condition, or are taking several medications and seeing numerous specialists.

Under the EMC2 program, retirees will receive individualized, stage-based counseling with nurse follow up calls and ongoing assessments, explained Doug Weiss, senior vp of marketing for the company, which has been doing case management since 1987.

"A lot of disease management has been coming out of the pharmaceutical industry, but they have to walk a fine line between pushing formularies and really managing disease," said Mr. Weiss.

"We don't come across as the fox guarding the chicken coop" because "we've been doing disease management all along," he pointed out. "We've taken what we learned in that environment and applied it to disease management."

The retirement system opted for this type of disease management "because the population is older and the incidence of chronic disease is higher," Ms. Durfee explained. "Also, many of our insurance plans don't require primary care physicians, so this will help those people with chronic conditions better manage their own care," she said. "With as complicated as the delivery system has gotten, we thought it would be helpful to them."

"If you can improve their self-management skills and their quality of life, that results in lower health costs overall," said Mr. Weiss.

The retirement system offers retirees and dependents a choice of HMO, preferred provider organization and indemnity plan options.

Since the program is just being implemented, Ms. Durfee could not offer results, but a three-to-one return on investment is projected.

Even though Black & Decker Corp.'s nearly 2-year-old diabetes disease management program has reduced health care costs for the Towson, Md.-based power tool maker, the program is just a means to an end, said Raymond Brusca, vp-benefits.

He views disease management as any other carve-out that requires additional administrative attention.

"Until we get to a system of total integration of health care," disease management programs will be necessary, he said.

But carving out such programs is really a form of "micromanagement," he suggests.

"We used to have a system where the providers made all the decisions," Mr. Brusca recalled. "Now we're micromanaging because the risk is on us. Ideally, we'd like to return the risk to the providers."

"We want all the pieces tied together," he said. "At the end of the day, I'd like to go to a single organized system of care."

After conducting an analysis of its health care claims data in 1993, Black & Decker identified complications associated with diabetes as a major cost area (BI, April 3, 1995).

Usually, the problem is that diabetics don't take insulin properly, most often because of the expense, Mr. Brusca explained.

"Even if they have coverage under a health insurance policy, the cash outlay can be an obstacle," he said. "A typical diabetic spends an average of \$200 a month for insulin, syringes, lan-

See Disease on page 12



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Opinions

Having another go at reform

RISK MANAGERS and others interested in reforming Superfund's oppressive liability system appear likely to get one more chance to push their goal during the current Congress.

We encourage them to get involved now, for they may not get another chance any time soon.

After months of being consigned to legislative limbo, the Reform of Superfund Act drafted by Rep. Michael Oxley, R-Ohio, should re-emerge next month in the Commerce Committee. All indications are that the amended bill the committee will vote on will be an improvement over an earlier version that won subcommittee approval last November (*BI*, Nov. 13, 1995).

Although Rep. Oxley has not released details of his amendments, Commerce Committee Chairman Thomas Bliley, R-Va., said last month that he would like to eliminate retroactive liability for haulers and generators of hazardous waste dumped at multiparty Superfund sites.

That would offer considerably more relief than Rep. Oxley's original bill. Although Rep. Oxley has been a strong proponent of eliminating retroactive liability in as many cases as possible, the bill that won subcommittee approval last fall concentrated its relief on small businesses.

The amended version still is likely to fall short of total repeal, but also is likely to be a great improvement over the 1995 version of the reform bill. In addition, the amended bill may represent the outer limits of Superfund liability reform in this Congress.

Without knowing the details of the bill, it's premature to endorse the measure. But it's not premature to launch a full court press for meaningful Superfund reform. In fact, the next month or so could likely be the last chance for business and insurance groups to get reform of any sort through this Congress, and members of Congress need the input of risk managers in determining what shape the reform can take.

The next few weeks are critical for several reasons. First, the Senate has yet to act on its version of Superfund reform proposals, and swift action in the House may serve as a nudge to get the world's greatest deliberative body moving.



Second, even with the Senate following suit, the road to enactment will be a long one that will include naming a conference committee to iron out the inevitable differences between the bills that emerge. One difference that is certain to require negotiation is the effective date for whatever retroactive liability relief is granted. House leaders favor eliminating it for then-legal acts before 1987, while the Senate leans toward a date of Dec. 11, 1980—when Superfund was enacted.

Third, the clock is ticking and members of Congress have a lot of unfinished business to wrap up before they face the voters in November. There are days and weeks certain to be lost to recesses and the demands of primary elections. Congress runs the risk of losing Superfund in the shuffle of legislation if it doesn't move quickly.

Risk managers who want this broken program fixed this year must get involved in those efforts now. This may be the last best chance for reform—if the most isn't made of it, there's no guarantee there will be another chance any time soon.

Letters

Medicare risk HMOs offer cost control promise

To the editor: The news for employers about retiree health care is even better than you thought in your Jan. 29 editorial, "Managed Care Makes Strides." The Blue Cross & Blue Shield system is developing a national network of Medicare risk HMOs to provide unprecedented portable coverage for seniors.

The network, Medicare Blue USA, links independent Blue-related contractors throughout the United States, offering seamless coverage for retirees who travel frequently or maintain residences in more than one state. Research indicates that this portability is a critical issue for seniors choosing among health plan options. Like other risk HMOs, Medicare Blue USA also offers seniors pharmaceutical, vision and hearing benefits.

In addition to these benefits for seniors, the network can reduce employers' administrative and paperwork burdens.

Business Insurance welcomes letters to the editor. The section is intended to be a forum for readers' opinions and comments. We reserve the right to edit letters for clarity or space. We will not publish unsigned letters. Please send your letters to Letters to the Editor, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611; fax: 312-280-3174; e-mail: 76735.3045@compuserve.com.

Corporate benefit managers responsible for retirees in several locations can delegate functions such as premium billing and disbursement, rate negotiation, performance review and annual renewal administration to the Medicare Blue USA network manager.

Finally, Medicare Blue USA offers unique opportunities for refining quality measurement tools—a goal for 1996 described in your editorial. Quality measures are difficult to collect in a small population, and meaningful analysis often requires data systems more advanced than most employers can offer. By con-

trast, Medicare Blue USA can abstract data from a national population, and its network management staff can track disease and wellness trends over time.

We agree that Medicare risk HMOs offer enormous potential to improve seniors' health while improving corporate America's bottom line. As the nation's managed care leaders, we look forward to bringing you even more good news in the coming years.

Patrick G. Hays
President and Chief Executive Officer
Blue Cross & Blue Shield Assn.
Chicago

Ignore actuaries at own peril

To the editor: Your Feb. 5 issue cites a proposal that self-insurance groups obtain an actuarial study to advise on reserves and rates and refers to the objection that actuarial opinions are just expensive guesses as to the amounts needed for the self-insured program.

That objection both states the obvious—that any estimate of a future contingent quantity is inherently a guess—and misses the point—that management must make the guess in the course of running such a program, with or without the help of a credentialed actuary.

A thoughtful proponent of self-insur-

ance ought to take advantage of the best advice available—from an actuary, of course—while fulfilling management's responsibility to keep the self-insurance program operating on a sound basis by using appropriate rates and reserves.

To cite the expense of the actuary as an excuse for setting rates and reserves on a "do it yourself" basis is to demonstrate the need for regulators to protect the public from failures of self-insurance programs.

James A. Hall III
Vp
Pegasus Advisors Inc.
Avon, Conn.

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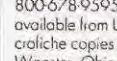
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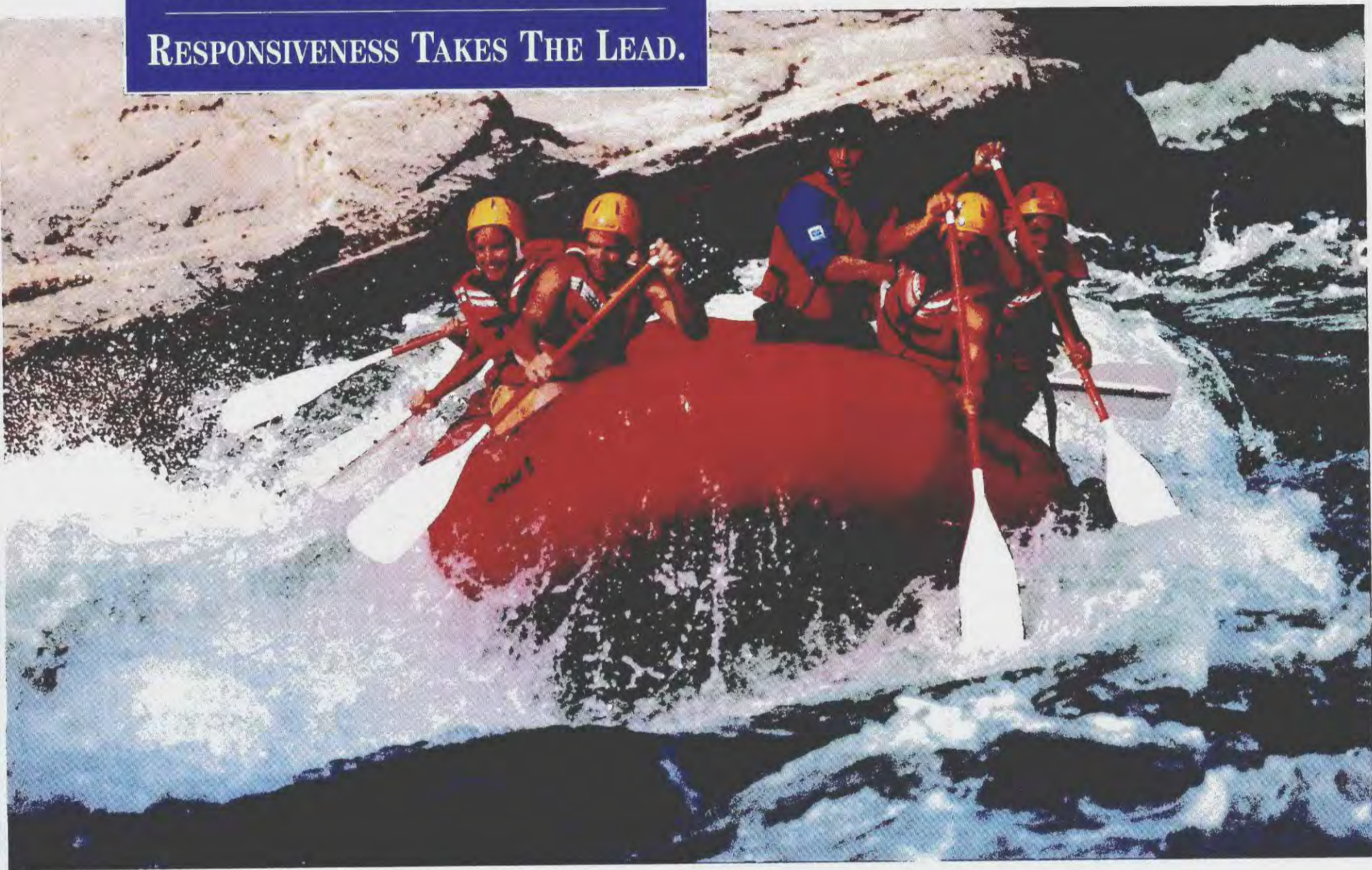
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Disease

Continued from page 4

cets, chem strips, glucose monitor, cotton swabs and alcohol packets." So diabetics may try to stretch supplies by taking smaller or less frequent doses than what doctors prescribed.

Another problem: Black & Decker's previous pharmacy benefit manager provided the same size "kit" for all diabetics even though some didn't need as much insulin or syringes, he added. "Some need more lancets and only one syringe, but when you order extra lancets you also get extra syringes. We had employees who said they had enough syringes to supply all the drug addicts in the country."

The new program, run by Universal Self Care Inc. of Roanoke, Va., since 1994, bases supplies on individual needs, Mr. Brusca explained.

It also monitors usage and offers discounted prices to Black & Decker, which pays 100% of employee prescription drug costs above a modest \$5 or \$10 deductible.

"We know it's saving money," though the company is still collecting data, he said.

It takes several years of data to determine a trend because costs generally increase initially due to increased compliance, explained Gloria Richardson-Gray, national accounts manager for Universal Self Care. "But we know that by controlling blood sugar levels we will reduce complications later on."

Though it is mostly large employers that use disease management programs, they can work for any size company, according to Ms. Kalban-Gernett at Apex. "Wherever you

have employees with diseases that are progressive or degenerative, there's always a benefit from early intervention."

Unlike utilization review and wellness programs, disease management programs usually charge per participant rather than per employee.

For example, EMC2 charges between \$85 and \$125 per participant per year, according to Mr. Weiss.

Unfortunately, "small employers are skeptical of having more immediate expenses without seeing any real immediate return," said Ms. Kalban-Gernett.

Mr. Weiss agreed: "Initially you might increase costs by increasing utilization. But eventually they take control over their care and begin going to the doctor and not the emergency room," which reduces health care costs over the long haul.

Some programs have both short- and long-term effects, points out Dr. Randall Moore, vp and corporate medical director for Caremark International Inc. in Northbrook, Ill.

For example, in Caremark's hemophiliac program, "we find ways to decrease bleeding," he said. "It could be something as simple as getting the boy to wear padding and a helmet when he rides his bike. Say this decreases emergency room visits to seven times per year from 10 times per year."

That's a good short-term benefit, but for hemophiliacs, reduced bleeding can have positive long-term effects that can reduce an employer's future health care costs, he notes.

"Hemophiliacs develop complications when they bleed, such as joint arthritis," and reduced bleeding over the near term can reduce the need for joint replacement later in life, he explained. ■

Alternative

Continued from page 3

physicians. "That doctor might think, 'You're better off improving nutrition than having this kind of operation or taking that kind of drug,'" he said.

Combined with the savings is the fact that the alternative treatments work, he said. "I think most people think they work, especially when you're talking about controlling chronic pain conditions," he said. "When you see it working, you can see the efficacy of it. People feel better."

Although his company is now working closely with health care programs looking to incorporate alternative techniques in their offerings, Mr. Blair, who retired from an insurance career after being president of MetLife Health-Care Network of New York/New Jersey, admits he was as skeptical as anyone.

"I wasn't really into (alternative medicine)," he said. "I was one of the people who said it was hokum kind of medicine."

The problem with swaying such doubters to alternative medical techniques is a lack of anything more concrete than anecdotal evidence.

"They don't have 1,000 people put into control groups so you can look at your outcomes and everybody can say 'This is good,'" Mr. Blair said. "Our medicine has always been based on a scientific basis—if you don't know why it works, it doesn't really work."

Dr. Edelberg said the absence of financing for scientific studies has prevented the development of sta-

tistics showing that techniques like meditation and herbal treatments work as well or better than traditional Western medicine in treating some ailments.

And, the traditional sponsors of that research have little incentive to fund studies of alternative medicine, he said.

For example, vitamin B-6 has been shown to ease carpal tunnel problems, he said. "But vitamin B-6 costs pennies and it's in the public domain, so no drug company is going to fund a study of vitamin B-6. Instead the gold

'A broken bone needs an orthopedist, but arthritis does not need a rheumatologist,' says Dr. David Edelberg.

standard for carpal tunnel is physical therapy followed by surgery."

The National Institutes of Health's creation of an Office of Alternative Medicine is "a step in the right direction," Dr. Edelberg said, but he notes that it represents just a tiny fraction of the NIH's overall budget.

Alternatives seem to work best, and consumers seem most ready to embrace them, when the techniques are used in conjunction with traditional medicine.

"What we've done at American Holistic Centers is create what people really want in alternative medicine, which is some sort of physician supervision," he said.

The American Holistic Centers' approach has proved popular enough that there are now two sites in Chicago and a third opening soon, a site in Denver and other locations planned in Seattle and Boulder, Colo.

Each location has a board-certified internist or general practitioner.

Dr. Edelberg, who practiced internal medicine for 20 years, said only about 600 physicians around the country list themselves as "holistic physicians."

While traditional medicine often focuses on suppressing symptoms of illness, holistic physicians work with the alternative practitioner to effect the natural change in the patient that eliminates the cause of the illness.

"Every once in a while, you simply have to use an antibiotic," Dr. Edelberg said. "But if you choose an antibiotic along with acupuncture or herbal treatment, it only enhances the effect of the antibiotic."

The combined approach seems particularly effective with many chronic ailments like irritable colon, chronic sinusitis or joint pain, he said.

Some medical needs will always demand conventional treatment, he said. "Conventional medicine is needed for emergencies, for instance. Alternative medicine would not work for trauma," Dr. Edelberg said. "A broken bone needs an orthopedist, but arthritis does not need a rheumatologist."

Mr. Blair's Creative Health Concepts sees other health care providers and organizations similarly looking to combine tradi-

Continued on next page

Imagine if

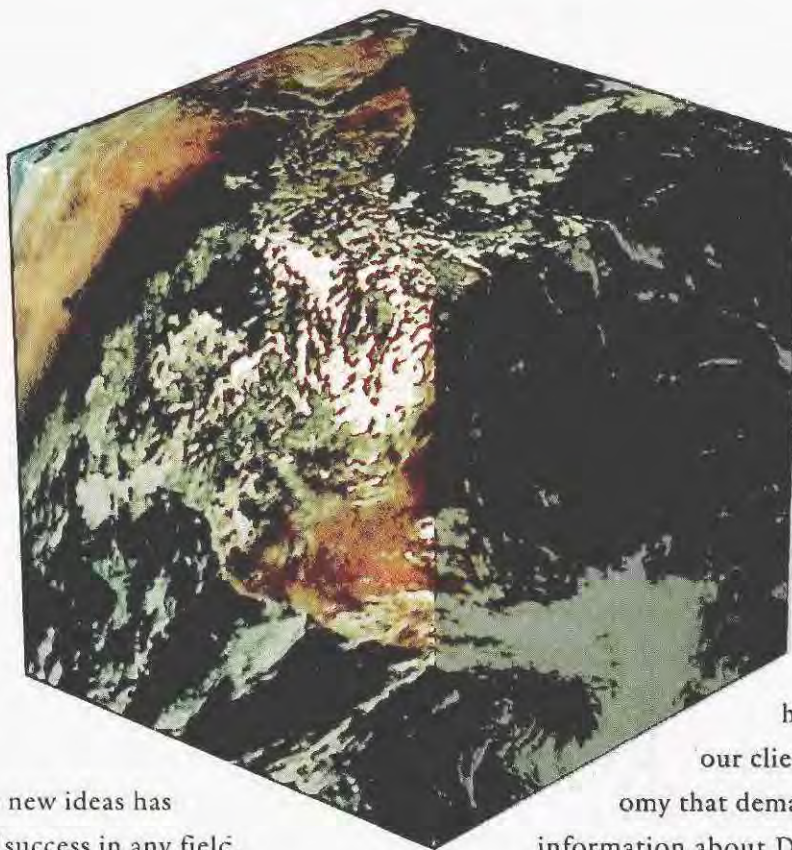
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Continued from previous page
tional care with alternatives. The consulting firm is working with the Suburban Health Plan Inc. HMO in Shelton, Conn., which is using alternative medicine techniques as part of a cardiac recovery program.

"They've created fairly elaborate stress reduction programs using yoga and that kind of thing as part of cardiac disease reversal," he said, noting the HMO sees the approach both as effective treatment and a way of reducing overall costs.

The Mind/Body Medical Institute of Deaconess Hospital and Harvard Medical School in Boston has had success doing similar work, though officials there don't call their program "alternative."
"We do not consider ourselves alternative but complementary because we work right here in the very conservative environment of Harvard Medical School," said Marilyn Wilcher, the institute's director.

The institute both trains other practitioners in its methods and offers clinical treatment for "any disease that's caused and made worse by stress," she said. It currently offers programs focusing on cardiac disease, cancer, AIDS, infertility, insomnia, chronic pain and basic symptom reduction.

An essential component of the Mind/Body Medical Institute programs is teaching "relaxation response—the opposite of the stress response," Ms. Wilcher said. There are many ways of achieving that response, she said, such as breathing techniques, mental imagery, meditation, repetitive exercise and prayer.

Other components include nutrition, exercise and yoga, as well as cognitive therapy—"teaching people how their irrational thoughts are getting in their way," she said.

All of the institute's programs have been documented as effective, she said, noting the insomnia program boasts a 78% success rate and the infertility program a 42% conception rate, for example.

The Mind/Body Medical Institute programs are covered at least in part by Medicare, Medicaid and many private insurance programs.

"Because our work is cost-effective and cost-saving—because we have shown through our studies that people who go through our programs actually cost less—we think we are a natural for the managed care setting or the capitation setting," the institute's director said.

The Center for Mind Body Medicine, part of Sharp Health Plan, an HMO of San Diego-based Sharp HealthCare, also is combining alternatives with traditional medicine, focusing on the mind-body orientation.

"The Magic of Healing," a "very comprehensive" eight-week program, is being offered to employers as a "mind-body rider" accompanying Sharp Health Plan HMO coverage, said Melanie Murnane, director of the center in Solana Beach, Calif.

"It's new, so we don't have any statistics on it yet," she said.

The "Magic of Healing" course was developed by best-selling author Deepak Chopra, a certified medical doctor and former medical school teacher who has written such books as "The Seven Spiritual Laws of Success," "Ageless Body, Timeless Mind" and "Perfect Health."

The class "explores the levels of energy and information that shape our lives," according to the center, focusing on mind-body

health and ayurveda.

Ayurvedic medicine is an ancient Hindu form of medicine focusing on natural healing through meditation, massage, diet, exercise and behavioral changes. Many of those individual techniques generally aren't covered in an HMO or other medical insurance plan, Ms. Murnane noted.

But, at the Center for Mind Body Medicine, "most of the physicians we have are M.D.s as well as being trained in ayurvedic medicine," she said. "So that part of the consultation session can be reimbursed. We also have nurse consultation services that can often be reimbursed."

Sharp Health Plan will open a new headquarters for the center this spring in La Jolla, Calif., where approaches such as ayurvedic, chiropractic, acupuncture and other Oriental tech-

An essential component of the Mind/Body Medical Institute programs is teaching 'relaxation response—the opposite of the stress response,' says Marilyn Wilcher.

niques will be integrated with traditional Western medicine.

The HMO also is developing an alternative mother/child wellness program and programs for cancer and cardiac care.

As the use of alternative medicine grows, a concern remains with credentialing the alternative specialists, "to separate the people who are a little conservative from the people who are really way out, the laying on of hands," Mr. Blair said. "If you want to

make it work, you can't allow the charlatans to get into it."

At American Holistic Centers, alternative practitioners seeking to join the staff "are scrutinized in much the same way that a new physician is scrutinized before joining a medical center," Dr. Edelberg noted.

As consumers become more eager to utilize alternative medical techniques, actions like Washington state's requirement that health insurance cover various al-

ternative practices, including acupuncture and nutrition, are a welcome step, he said.

Still, the insurance industry hasn't reacted as well to the Washington law, with a group of eight health insurers filing suit in January in Washington Superior Court seeking to overturn the new rules.

Despite their opposition to the Washington law, Dr. Edelberg thinks insurers ultimately will join consumers in pushing alternative medicine.

"At some point, if somebody is scheduled for a laminectomy, the insurance company will not give authorization unless they can document there has been four weeks of chiropractic and acupuncture," he said. "I think the driving force here is going to be the consumers and the insurance companies, not traditional medicine." **BI**

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Inflation

Continued from page 3

For now, there is reason for benefit managers to take some delight in recent group health care cost news. Following years of excruciating double-digit inflation—when annual costs for some individual health maintenance organization and indemnity plans swelled 30% and 50%, respectively—the pain has eased greatly in recent years (see chart).

Group health care costs for all types of plans nudged up 2.1% in 1995, less than the 2.5% increase in the Consumer Price Index, after a 1.1% decline a year earlier, reports A. Foster Higgins & Co. Inc. In 1993, the group health cost inflation rate dropped into single digits for the first time in six years.

Many experts say the days of runaway cost inflation are over for now—carted off on the same stretcher with the concept of providing everyone unmanaged access to health care.

The competition and consolidation trend that this fundamental change in the health care delivery system has spawned provides health care purchasers almost everything that “Hillary Clinton talked about two years ago,” said Bob Coburn, a principal with Foster Higgins in Washington.

The exceptions are universal coverage and purchasing alliances for small employers, he said.

The fight to keep health care inflation low will not be easy, according to experts. Benefit managers will have to deflect a flurry of potentially knee-buckling shots to their cost containment efforts.

Health plans, including man-

aged care plans, may still see providers aggressively resist any more fee cuts and even fight for increases, some experts predicted.

“In many geographic areas, providers are really feeling the squeeze. As they get organized, they may start pushing back,” said Kenneth Drummer, a principal with consultant Coopers & Lybrand L.L.P. in San Francisco.

For example, anesthesiologists—leveraging their “monopolies in hospitals”—are beginning to resist any more reimbursement cuts, he said.

Mr. Drummer said he has seen hospitals outside California join together and promote improved communications with their medical staffs in an effort to fend off further reimbursement cuts by health plans.

That kind of joint effort is a novel concept for the traditionally

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GRAPHIC BY MIKE GARVEY



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independent-minded physician community, Mr. Drummer said.

And, if there ever is agreement on how to wring out billions of dollars in savings from the Medicare and Medicaid programs, health care providers will look elsewhere to replace that lost revenue, experts say.

Providers even may zero in on managed care plans. They would not be able to shift costs immediately, but they may be tougher negotiators when their contracts come up for renewal with health plans or employers with which they directly contract, said Dana Benbow, vp-health underwriting for Prudential Insurance Co. of America of Roseland, N.J., which owns the nation's second-largest general service HMO.

But others think providers will not be able to resist the pressure on their reimbursement rates, especially as other providers vie to contract with the health plans on their short lists.

The aging population and its increased utilization of health care services is another factor that will drive up health care expenditures, said Dave Wilson, managing director of health care actuary The Apex Management Group Inc. of Princeton, N.J. “We're probably starting to see that now,” he said.

How severely this trend will drive up costs will depend on how prepared society is to limit access to costly high-tech medical care for patients, especially the elderly, who cannot tremendously benefit from it, health economists say.

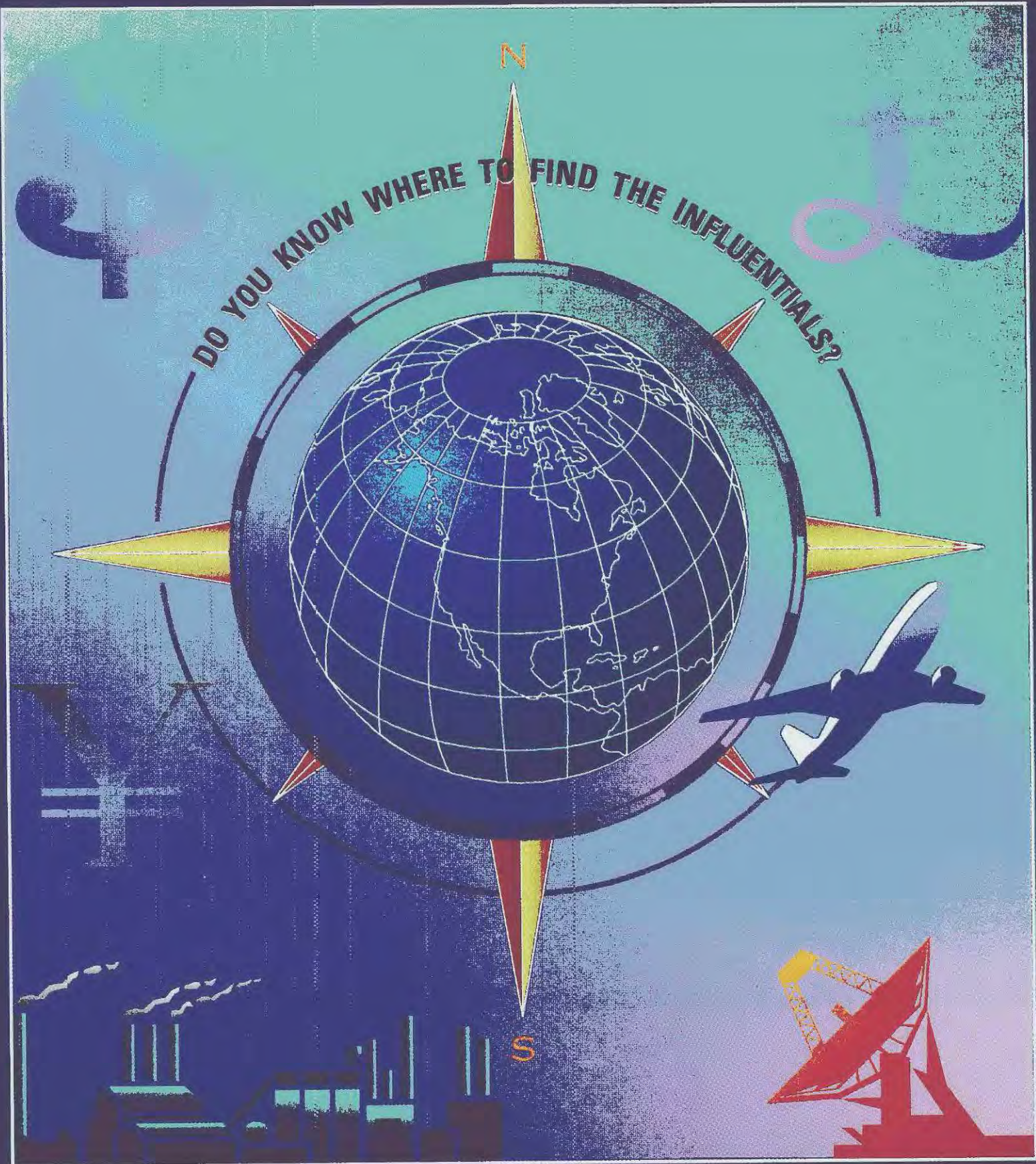
Technological advancements almost always drive up costs, said Dr. Richard H. Egdahl, director of Boston University Medical Center. “There are very few polio vaccines in the health care system that are out there,” he said, referring to relatively low-cost developments in medical treatment.

“The technology issue is not as clear-cut as people think,” said Uwe Reinhardt, a professor of political economy at Princeton University in Princeton, N.J. “New technologies don't save lives; you die one way or the other. The only thing it does is buy life years.”

Two questions then must be answered: For how long does a technological advancement extend life? And, is the cost of that additional time reasonable?

Treatment that extends life for only months or days “is really much more research than patient care,” Mr. Reinhardt said. “HMOs are not in the business of research,” he said. They are in business to promote health and medically treat patients, he said.

“The whole problem is these new treatments... are now in
See Inflation on page 16



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Inflation

Continued from page 14

use without having undergone clinical trials," said Dr. John E. Wennberg of Dartmouth Medical School in Hanover, N.H. Unlike medical drugs, "surgery is not subject to any form of regulation."

Recent research by Dr. Wennberg and a team of doctors suggests that doing nothing sometimes is the best course of treatment. In 1994, Dr. Wennberg published a five-year study of patients with early-stage prostate cancer and benign prostate enlargement. The study concluded that no medical research shows that surgery or radiation treatment improves life expectancy for such patients. But, impotence and incontinence are substantial risks of treatment.

Given those findings, the report

also questioned the value of obtaining prostate cancer screenings.

Ironically, concentrating on these and other quality-of-care issues, rather than pricing, will help benefit managers beat down excessive health care cost inflation over the long term, experts agree.

True, benefit managers who have not embraced managed care still can cut their costs by turning to such plans. But, to control costs over the long term, benefit managers will have to concentrate more on the total value a plan is delivering, experts agreed.

"Many benefit managers have to rethink what their role in life will be in the next few years," said John Bertko, a principal and senior health care actuary with Coopers & Lybrand in San Francisco.

Besides a health plan's premium, benefit managers have to look at the

'Many benefit managers have to rethink what their role in life will be in the next few years,' says John Bertko, a health care actuary with Coopers & Lybrand.

plan's care management, clinical outcomes, health promotion efforts and employees' and the company's satisfaction with the plan, said Bruce Kelley, a principal with consultant William M. Mercer Inc. in Minneapolis.

Some health plans, for example, now are teaching members relaxation and meditation techniques to help promote wellness and speed recovery of illnesses and injuries (see story, page 3).

"Little things" can make a differ-

ence, said Dr. Paul Ellwood, president and chief executive of the Jackson Hole Group, a health policy think tank—based in the Wyoming resort community—that proposed the managed competition health care concept that President Clinton adopted in part. For example, instead of waiting for an elderly plan member to fall and break a hip, some health plans send representatives to their homes to check for hazards that could be removed.

Benefit managers soon will get a

hand in better evaluating the quality of care their plans provide. Dr. Ellwood's Foundation for Accountability, a group of private and public health care purchasers, consumers and community organizations, plans to release soon a new set of outcomes measurements for the treatment of five health conditions (BI, Oct. 2, 1995).

Meanwhile, the National Committee for Quality Assurance is working on beefing up its Health Plan Employer Data & Information Set measures, which currently evaluate health promotion efforts, member satisfaction and hospitalization days per 1,000 members. An NCQA spokesman said the group would assess the Foundation's standards as it prepares its own measures, which are set to be field-tested beginning in January 1997.

Some employers, particularly those that have joined forces in health care purchasing coalitions, are not satisfied with either paying their health plans' administration costs or overseeing how the plans are monitoring care. Instead, they are contracting directly with providers.

The coalitions and consultants say these arrangements can save 15% to 35%.

Mr. Reinhardt, the Princeton professor, expects this trend will grow because "a lot of HMOs got lazy, and instead of managing care, they laid off the risk to physicians" while keeping high fees.

"I'm not predicting the eminent demise of HMOs," said Sean Sullivan, president and chief executive officer of the National Business Coalition on Health in Washington, the umbrella organization for 90 employer health care buying coalitions.

Still, Mr. Sullivan thinks more doctors will try to work directly with health care purchasers and eliminate the middleman—the HMO plan—to boost their income without driving up costs for health care purchasers.

HMO executives, though, say those kinds of savings are not possible unless employers previously dealt with a grossly inefficient HMO or a plan that had a virtual market monopoly.

Bloomington, Minn.-based health care research company InterStudy says that only 10.4% of HMOs in 1994, compared with 17% a year earlier, reported profit margins of 10% or greater.

But cost savings is not the only reason more employers are directly contracting with providers. They also think they can improve quality.

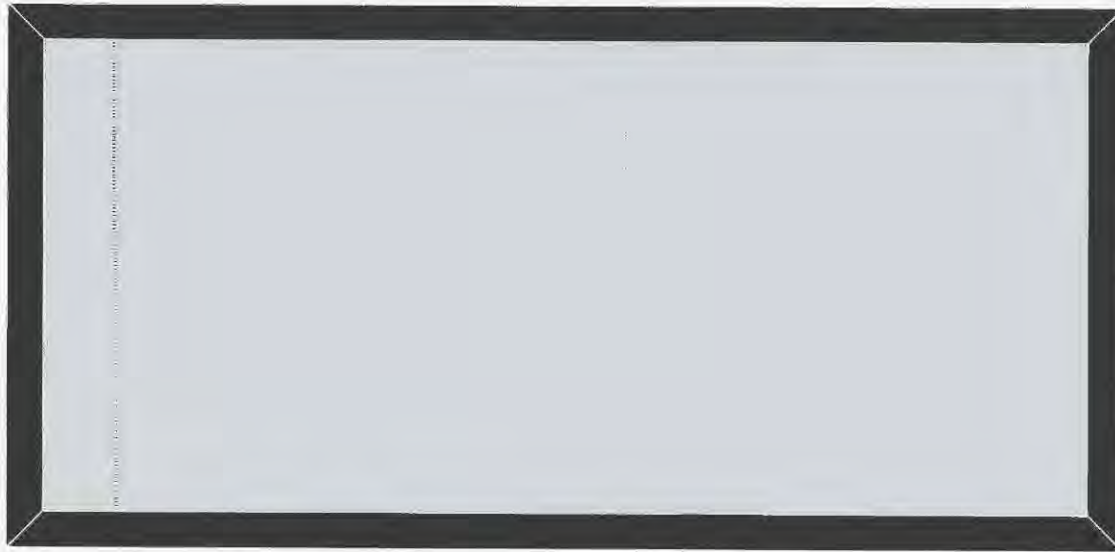
For example, the 60 hospitals that the Houston Healthcare Purchasing Organization of 40 large and 2,500 small employers contracts with must provide the group with outcome data on all patients they discharge—not just on the group's covered enrollees.

A firm is analyzing the data for the HHPO to compare hospital and physician efficiency. "What we hope to do is reward the quality providers" with the group's business eventually, said Ralph Smith, president of the coalition.

Mr. Smith does not rule out ever using HMOs. But, for now, HMOs are not pursuing quality aggressively enough, he said. "They have nowhere near the data collection we do," he said. He called HEDIS a "baby step" toward that end.

Mr. Hamacher, whose company, Dayton Hudson, is a member of the Buyers' Health Care Action Group coalition in Minneapolis, is optimistic that benefit managers can hold down group health care cost inflation. "In the long term, if we're persistent and keep at it, we could hold it down for a fairly good period of time." **[B]**

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A health care shift for the ages

Self-funded firms last ones out of traditional indemnity plans

By ROBERT KAZEL

Scientists believe the dinosaurs may have disappeared forever after a giant comet struck Earth, permitting new species to grow dominant.

Years from now, benefit managers may similarly view the fossils of traditional indemnity plans as the beasts that ruled before health maintenance organizations were king.

To be sure, indemnity plans are far from extinct and are not likely to vanish anytime soon. But evidence points to dramatic changes ahead for many health plan sponsors, including companies that long have self-funded traditional indemnity plans.

Studies by the federal government and the Washington-based Group Health Assn. of America show that HMO enrollment has risen to 56 million people in 1995 from 5 million in 1976.

But some may not realize the rapidity with which the shift is taking place, especially among large companies, which historically are the most likely to hold on to indemnity plans. Surveys by A. Foster Higgins & Co. Inc. show that the percentage of large companies offering traditional indemnity plans declined to 54% last year from 61% in 1992.

In contrast, the percentage of companies with 500 or more employees offering HMOs increased to 57% in 1995 from 43% four years ago.

Even indemnity plans with gatekeepers and utilization review features are not providing adequate savings to some employers. One benefit analyst, Gary Zvitt in the Chicago office of Buck Consultants Inc., put it bluntly: "Three or four years from now, there may be no more managed indemnity."

Some large companies already have abandoned their indemnity plans and replaced them with HMOs. Seeking to improve benefits and gain control over upwardly spiraling costs, these companies are exploring both self-funded and fully insured HMOs with far less hesitation than a few years ago.

Many of the corporations making a complete switch are based in California, the cradle of managed care.

At Fresno, Calif.-based Gottschalks Inc., a chain of retail department stores with 6,000 employees in four states, all workers were converted to managed care programs and taken out of the company's indemnity plan last April, said Jennifer Morrow, benefits and compensation manager.

Sixty-five percent of Gottschalks' workforce now is enrolled in an HMO, with the rest selecting a point-of-service plan. The company is enjoying not having some of the responsibility that it shouldered when it administered the self-funded indemnity plan.

"To be honest with you, being self-funded was a lot of hassle," Ms. Morrow said. "We want to be in the business of retailing, not in the business of employee health plans."

Getting out of self-funding and entering into community- or experience-rated HMOs may be an emerging trend for many firms after years of self-insurance, said Uwe Reinhardt, professor of political economy at Princeton University in Princeton, N.J. The trend already is evident among smaller employers and may become common among larger ones.

"Now you might very well go back to the old (HMO) regime," Mr. Reinhardt said. "The modern thing is for the employer to roll off the risk to

someone else. There seems to be really strong evidence that managed care does save some money and the cost growth isn't so great."

Among large companies, only 3% of HMOs were self-funded in 1995, according to Foster Higgins.

San Francisco-based Chevron Corp. canceled its self-funded indemnity plans in California and Louisiana in 1993, after the company

first tested replacing Houston workers' indemnity coverage with a self-insured POS plan four years earlier, said Alex Ross, manager of benefits planning and design.

"The penetration of HMOs was very, very high," he said. "We were just seeing more and more folks move to the HMOs, and then in the indemnity plan a certain amount of negative selection had gone on—and

the rates were skyrocketing."

In California, 80% of Chevron's workers are now in HMOs.

Ending access to indemnity plans is by no means a California fad, though.

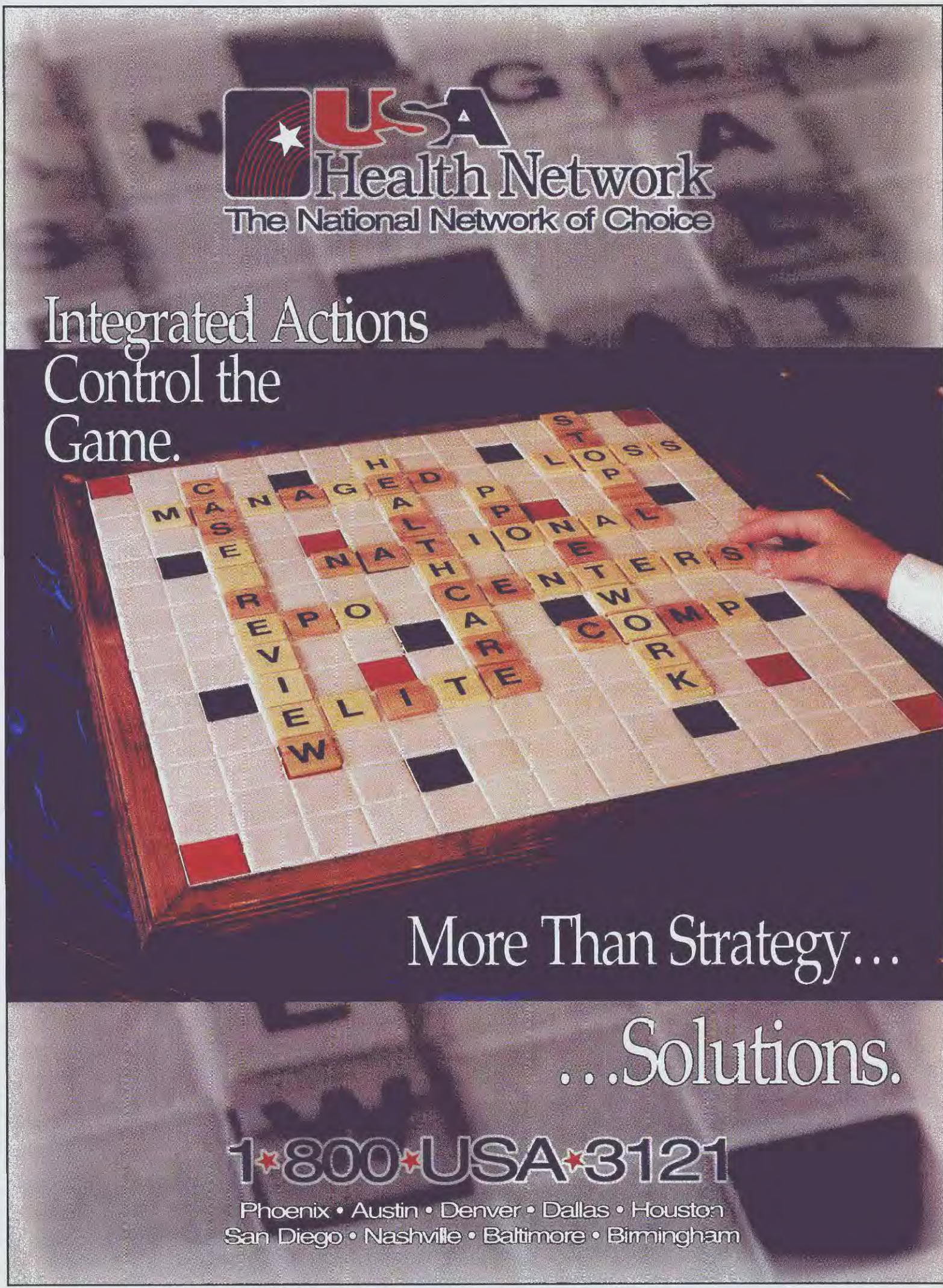
Detroit Edison Co., with 8,400 employees, eliminated its self-funded traditional indemnity plans for active employees in 1989 and has since offered a variety of community-rated HMO and POS programs as well as a self-funded preferred provider organization. Although seven out of 10 workers are now in the POS option, 25% have chosen to enroll in Edison's two HMOs, which are economi-

cally competitive with the POS program, said Dennis P. McCafferty, director of benefit plan administration.

Detroit Edison may consider self-funding HMO benefits when enrollment becomes large enough, though so far neither of its HMOs has been willing to grant that measure of independence, he said.

There is no great desire on the part of the utility, either: as a self-funded indemnity plan sponsor, the company frequently was heavily involved in claims processing but now rarely gets involved in the claims matters of its HMO members.

See Self-fund on next page



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Choosing managed care

Percent of large employers* offering:	1995	1994	1993	1992
Traditional indemnity plans	54%	60%	68%	68%
Health maintenance organizations	57%	53%	46%	43%
Percent of employees enrolled:				
Traditional indemnity plans	27%	34%	43%	49%
Health maintenance organizations	31%	27%	25%	24%

*Large employers—500 or more employees
 Source: A. Foster Higgins & Co., Inc.

GRAPHIC BY KIM ROME

Self-fund

Continued from previous page

As many as 80% of Deere & Co.'s employees have moved to managed care plans, particularly to gain access to the for-profit John Deere Health Care Inc., an HMO subsidiary of the Moline, Ill.-based agricultural and industrial equipment manufacturer. John Deere Health Care is a staff-model HMO with clinics at several Deere plants.

"Essentially, our focus has been one of migrating from indemnity to various levels of managed care," said Mervin B. Hornbuckle, vp of human resources. Traditional fee-for-service care will be supplanted by managed care in time, he said. New salaried hires are offered only the POS or HMO plans and usually choose HMO coverage because it's the least expensive, though current employees

can retain their traditional indemnity coverage.

Many companies appear to be following the same course: maintain at least a remnant of the traditional indemnity plan, increase the financial burdens on those choosing to stay with it compared with managed care options and wait for enlightened self-interest to eventually win out.

Harold Luft, professor of health economics at the University of California at San Francisco, likened employees opting for fee-for-service to "the people who are really willing to pay first class, full fare on an airline without being reimbursed by an employer. There are some, but not many of them."

The decision to introduce an HMO along with an existing indemnity plan often sets off a chain reaction that dooms the traditional plan, said Mr. Luft. An indemnity plan will become more expensive as healthy and frugal employees stream into the newly opened HMO, creating a so-called "death spiral" that transforms the self-funded indemnity plan into a pool of extremely high-risk workers, he said.

The University of California's self-funded, high-option indemnity plan now costs employees who choose it \$648 a month, he said, compared with \$25 or less for managed care. "The logical thing," he said, "is to just shut the plan or let it slowly self-destruct."

But serious obstacles remain for companies that wish to replace traditional indemnity plans with managed care options. Foremost among these may be continued resistance to HMOs and hesitance by management to antagonize employees by limiting their choice of provider.

"I am not at all convinced that large employers generally are going to bank their employees' health completely on HMOs," said Sean Sullivan, president of the Washington-based National Coalition on Health, a federation of employers seeking to raise health care quality and lower costs. Ironically, the reluctance of top executives in a company to place themselves within the constraints of an HMO, limiting their own choices, also can block change.

Furthermore, many companies have at least some workers in remote or rural areas where HMO coverage is impractical, and an indemnity plan must be left intact to serve them. In addition, some companies will stop short of moving to HMOs because they aren't convinced the cost savings will be significant next to less restrictive forms of managed care, like PPOs.

"To move blindly to a managed care program, making the assumption that HMOs are going to be cheaper, probably isn't smart," said Dave Wilson, a managing director of the Apex Management Group in Princeton, N.J., a health care actuarial firm. "A well-run PPO should be able to get pretty close."

One element that may slow the hand of corporations pondering a switch to HMOs is the Employee Retirement Income Security Act of 1974. ERISA's pre-emption of state laws pertaining to benefit plans means self-funded plans are not subject to myriad benefit mandates and premium taxes—key factors in keeping costs low. Although some HMOs do offer self-funding to companies that want it, such opportunities are still uncommon.

Any erosion of ERISA pre-emption, from the courts or from Congress, could give self-insurers added impetus to switch to managed care.

"Self-funded plans will not disappear unless ERISA disappears," said Ted Frech, professor of economics at the University of California at Santa Barbara. "The current Congress seems least likely to do it." **BI**

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Banding together in the Bay area

Alliance aims to help mid-sized employers

By **DEBORAH SHALOWITZ COWANS**

A health care provider coalition now being formed may soon enable medium-sized employers in the San Francisco Bay area to offer more managed care options.

The San Francisco-based Benefits Alliance L.L.C. is sponsored by five northern California insurance brokerages. It is negotiating with six health plans to participate in a coalition that would offer several managed care options to employers with at least 51 employees in the Bay area.

Participating health care plans will include insurers, regional health maintenance organizations and preferred provider organizations.

Because the California Department of Corporations regulates the six health plans that are in talks with the alliance, the organization must secure the department's approval; when the approval process will be complete is unclear, according to Bob Crichlow, executive director of the Benefits Alliance.

Only a "handful" of employers are interested in the alliance right now, but after it is approved the sponsoring companies will begin to market in earnest, said Mr. Crichlow.

The Benefits Alliance is targeting employers that have more than 50 workers because The Health Insurance Plan of California, a state-sponsored purchasing group, covers employers with between five and 50 full-time employees.

In many ways, the alliance will be similar to purchasing cooperatives.

Like other purchasing groups, the alliance will enable medium-sized Bay area employers to enjoy a measure of market clout that is usually reserved for large employers.

However, the Benefits Alliance differs from other purchasing groups in that it will handle most of the administrative aspects of health care coverage for participating employers, Mr. Crichlow noted.

The Benefits Alliance has contracted with Network Management Services Inc. in Golden Valley, Minn., to do all of the administrative work for the group. NMH will handle enrollment, premium collection and distribution and will provide a toll-free customer service line for workers, according to Mark Tierney, chief executive officer. However, the health plans will provide claims processing, he said.

Participating employers could offer employees one of three standard benefits packages: one with six health maintenance organizations; one with six HMOs with point-of-service plans; and one with six HMOs and five PPOs.

The Benefits Alliance represents "a new iteration, or maybe the next generation" of purchasing coalitions, stated Ken Drummer, a partner with Coopers & Lybrand L.L.P. in San Francisco, who is working with the group.

"It is an entity that brings to-

gether several plans and several networks for employees to choose from," he said.

Mr. Drummer said that although he knows of no other similar organizations, he expects that five years from now employers around the country will be able to choose from among several different combinations of health care plans.

Mr. Tierney commented that the Benefits Alliance is "one of the first, if not the only private brokerage alliance." **BI**

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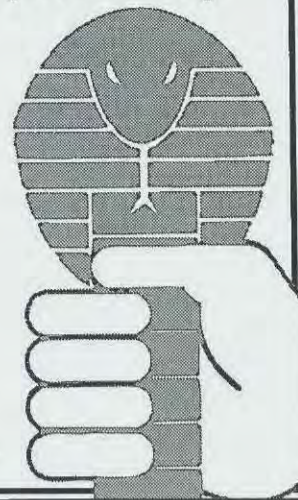
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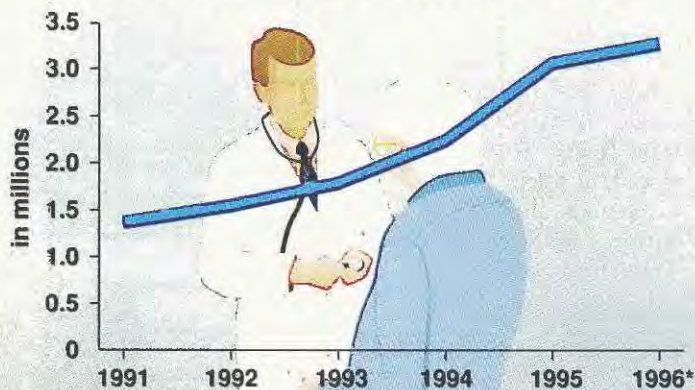


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Enrollment in Medicare risk HMOs



* 1996 enrollment is as of Feb. 1; all other years enrollment is as of Dec. 1.
 Source: Health Care Financing Administration

GRAPHIC BY JOHN HALL

Retirees, employers cut costs with Medicare risk HMOs

By JERRY GEISEL

Using health maintenance organizations to cover Medicare beneficiaries is a win-win proposition for Los Angeles County and thousands of its retirees.

Offering so-called Medicare risk HMOs has been a windfall for the county.

It is saving more than \$1,000 annually for each retiree who enrolls in a Medicare risk HMO, compared with what it would

spend if the retiree enrolled in the county's traditional retiree health care plan.

Retirees who elect to be covered through the Medicare risk HMOs often receive far richer benefits, such as unlimited prescription drug benefits, and lower cost-sharing levels.

Medicare risk HMOs are so named because the HMOs contract with the federal government to provide benefits to Medicare-eligible retirees at a fixed rate. The HMO assumes the risk that it can provide what is often greater coverage at a lower cost.

The annual cost to Los Angeles County of providing indemnity plan coverage for retirees age 65 and older just exceeds \$1,950 per retiree.

But the county's cost for a retiree in the Medicare risk HMOs with which it contracted is less than \$800, which includes the county's monthly \$22 HMO premium and reimbursement of the \$42.50 Part B premium that retirees pay Medicare.

The financial advantages of enrolling in Medicare risk HMOs have not been lost on retirees. Since 1992, when the county first began to offer Medicare risk HMOs as an alternative to its traditional Medicare supplement plan, the number of retirees receiving coverage through the HMOs has leapt to more than 8,300 from just under 3,400.

"This is one of the few situations where everyone is a winner," said Kathy Migita, administrator for the health care benefits program at the Los Angeles County Employees Retirement Assn. in Pasadena, through which the program is offered.

"Retirees get better benefits and the county saves money," said Liz Lake, a principal in the Los Angeles office of A. Foster Higgins & Co. Inc., which worked with the association in negotiating with the HMOs.

Los Angeles County and its retired workers aren't the only ones to reap the benefits of Medicare risk HMOs.

At Rockwell International Corp., which has offered Medicare risk HMOs since 1991, a savings of about \$1,000 per retiree would be a good ballpark figure, said Gary Peters, manager of employee benefits at the Seal Beach, Calif.-based manufacturer.

Other employers also report substantial savings when their retirees move from corporate health care plans to Medicare risk HMOs.

For example, the net cost to Chantilly, Va.-based The Fairchild Corp. of providing health care to individual retirees in its traditional self-insured plan is about \$70 a month.

Premiums charged by the Medicare risk HMOs that the company offers its retirees range from zero to \$40 a month. As a result, even though the company pays the full premium—if any above Medicare's contribution—charged by Medicare risk HMOs, it still comes out substantially ahead when retirees switch from the indemnity plan to Medicare risk HMOs, said Robert Kelley, Fairchild's vp-employee benefits.

And Fairchild retirees also do better when they move to Medicare risk HMOs, he said. Not only do they receive substantially greater benefits compared to those offered through the indemnity plan, but the company pays whatever premium the HMO charges.

Retirees opting for coverage in the indemnity plan pay about 20% of the premium.

The savings from selecting coverage through Medicare risk HMOs wracked up by Los Angeles County, Rockwell International and Fairchild and their retirees are not unusual, benefit consultants and HMOs say.

Continued on next page

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Continued from previous page

"Employer costs can go from \$1,000 per retiree to zero," said John Hickey, a principal with Kwasha Lipton L.L.C. in Fort Lee, N.J.

"In many cases, employers can cut their retiree health care costs in half with retirees getting better benefits," said Tom Stephenson, manager of individual marketing at Blue Cross & Blue Shield of Oregon in Portland, whose Medicare risk HMO provides coverage to about 17,000 retirees.

About 3.2 million retirees, just under 9% of the total Medicare population of 36 million, now receive benefits through Medicare risk HMOs.

While small, the number of retirees enrolled in Medicare risk HMOs has been sharply climbing. In 1995 alone, enrollment increased by about 1 million, more than triple 1994 enrollment growth.

HMOs, in ever increasing numbers, are asking the Health Care Financing Administration—the federal agency that administers the Medicare program—for permission to become Medicare risk HMOs.

As of Feb. 1, 194 plans had signed Medicare risk contracts with HCFA, with 45 applications pending, up from 154 plans in December 1994.

"I think the Medicare risk HMO market is ready to explode," predicted Kwasha Lipton's Mr. Hickey.

"Medicare risk HMOs now are starting to become a very hot product," said Bob Walt, director of sales for commercial and Medicare risk at Louisville, Ky.-based Humana Inc., which has about 315,000 retirees enrolled in its Medicare risk HMOs.

This growth is taking place more than a decade after Congress passed legislation that created Medicare risk HMOs to hold down the federal program's costs.

Under the legislation, HCFA agreed to pay HMOs 95% of the cost Medicare believed it would have to pay to provide Medicare benefits to retirees living in a given county. The basic community rate then is adjusted for the age and sex of individual retirees.

It is this basic rate structure and HMOs' ability to hold down costs that is propelling the rapid growth of Medicare risk HMOs. In some high-cost areas of the country, such as California and South Florida, HMOs may receive anywhere from \$500 to \$600 a month per retiree from Medicare.

With HMOs able to provide Medicare benefits for much less than what they receive from the government, they often can afford to offer additional benefits, like 100% coverage for physician services, hospitalization and unlimited prescription drug benefits free to retirees and still make a profit. By offering enhanced benefits, the plans attract more Medicare beneficiaries.

"It would be hard to have a richer plan than ours," said Linda Blake, senior HMO product manager in the Jacksonville office of Blue Cross & Blue Shield of Florida, referring to the company's HMO risk product in South Florida, which provides full medical, physical and prescription drug benefits with zero premiums for employers.

"We are in a much better position to manage retiree health care costs than Medicare," said Michael Lombardi, vp-government programs at Pacificare Health Systems Inc. in Cypress, Calif., the nation's largest Medicare risk HMO with about 500,000 enrollees including 365,000 in California.

Some Medicare risk HMOs have enjoyed spectacular growth.

For example, Keystone Health Plan East, an HMO in Philadelphia, has seen enrollment in its Medicare risk product leap to about 56,000 from 10,500 at the end of 1994.

At Oxford Health Plans in Nor-

walk, Conn., which has 75,000 Medicare risk enrollees, enrollment has been climbing at the rate of 5,000 per month.

Much of the enrollment growth has come from individual retirees not covered by employer-provided retiree health care plans, HMO executives say.

But employer interest is beginning to take off for several reasons, consultants and HMOs say, including:

- Employers are more aware of their retiree benefit costs. This is due to the implementation of Financial Accounting Standard 106, which requires companies to accrue as an expense against earnings retiree health care obligations.

"Employers are trying to reduce their retiree health care liabilities. One way to do that is to contract with a Medicare risk HMO," said Barbara Stewart, product manager in the Long Beach, Calif., office of FHP Inc., one of the largest Medicare risk HMOs with more than 350,000 enrollees.

- Managed care's success at holding down cost increases in plans covering active employees.

"The positive experience employers have had with managed care has done a lot to change things. It has made them want to expand their managed care efforts. Companies are saying, 'Let's try now to do something about our high cost retiree health care plans,'" said Scott Kirschner, a consultant in the Atlanta office of Watson Wyatt Worldwide.

Employers have to do more than simply offer a Medicare risk HMO to retirees.

Financial incentives can be crucial in getting retirees to make the switch to Medicare risk HMOs, said Joseph Martingale, a principal with Towers Perrin in New York. Some employers, for example, pay the full premium—if any—charged by the Medicare risk HMO, while requiring retirees to pay a portion of the indemnity plan premium.

At FHP, for example, in about 90% of group contracts, the employer pays the full premium, said Ms. Stewart.

Aside from financial incentives, some employers have increased their communications efforts to educate retirees about Medicare risk HMOs.

For example, the Los Angeles County Employees Retirement Assn. holds annual health fairs in which retirees can discuss Medicare risk HMOs with managed care companies that offer the programs.

Medicare risk HMOs do such a good job of slashing employer's retiree health plan costs, while improving retirees' benefits, that about the only complaint employers have with the plans is the federal government's payment methodology. Under that structure, HMOs receive the highest payment rates where Medicare costs are the highest. HMOs in those areas, if they can hold down costs, can afford to offer extra benefits and still make a healthy profit.

"Medicare risk HMOs are a wonderful business for everyone, but only in certain geographic areas. In some parts of the country, HMOs can provide free prescription drugs and still make money," said Helen Darling, manager of health care strategy and programs at Xerox Corp. in Stamford, Conn.

Indeed, Medicare risk HMO enrollment now is highest in parts of the country with the highest health care costs.

A budget bill considered by Congress last year—but not enacted—would have, over time, somewhat narrowed the differences in rates the federal government pays HMOs for covering Medicare-eligible retirees. While that proposal died, the issue is expected to come up again for congressional review. **BI**

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Annual directory of UR providers and case managers



ACORN Behavioral HealthCare Management Corp.

The ACORN Building, 134 N. Narberth Ave., Narberth, Pa. 19072-2299; 800-223-7050 or 610-664-8350; fax: 610-664-8373

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$7,000,000
UR gross revenue.....	\$2,200,000
UR direct to employers.....	30%
Case mgmt. direct to employers.....	10%
Other services.....	60%
Staff	
Total UR/case mgmt. employees on staff.....	48
Professionals.....	8
Includes: 1 physician, 2 RNs	
Clients	
Employer/group plans with direct service.....	280

Covered lives/reviewed admissions	
Employee benefit plan lives served.....	900,000
Acute care inpatient admissions reviewed.....	405
Diverted for outpatient treatment.....10%	

Services since: 1975.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, onsite and telephone case management, patient education, referrals to alternative settings, written reports.

Occasional services: Retrospective review.

Medical services reviewed/managed: Psychiatric/substance abuse, workers comp/disability.

Compensation: \$1 to \$15 per employee per month; \$60 to \$250 per hour.

Officers: Mel S. Goldsmith, president/CEO; Dorothy Harrison, executive vp-operations; Mel Wondolowski, senior vp-corporate relations; Arlette McGlade, vp-administrative services.

Contact: Mel Wondolowski, 800-223-7050 or 610-664-8350, ext. 8307.

Action Healthcare Management Services

301 E. Bethany Home Road, Suite C-278, Phoenix, Ariz. 85C12; 602-265-0681; fax: 602-265-0202

Utilization Review/Case Management	
1995 revenues	
UR direct to employers.....	40%
Case mgmt. direct to employers.....	20%
Services to health care/insurance providers.....	38%
Other services.....	2%
Staff	
Total UR/case mgmt. employees on staff.....	33
Professionals.....	27
Includes: 15 RNs, 8 licensed practical nurses, 4 medical record technicians	
UR/case mgmt. employees on retainer.....	1
Includes: 1 physician	
Clients	
Total.....	130
Employer/group plans with direct service.....	117

Covered lives/reviewed admissions	
Employee benefit plan lives served.....	200,000
Workers compensation lives served.....	1,750
Acute care inpatient admissions reviewed.....	NA
Diverted for outpatient treatment.....3%	

Services since: 1987.

Parent: Cavco Industries.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, onsite and telephone case management, patient education, written reports, high-risk pregnancy identification and management.

Occasional services: Review of lab work, free prescreening, referrals to alternative settings.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Officers: Elizabeth Ciaccio, president; Jean Rice, director-operations; Kate Mills, director-case management; Kris Marrs, director-customer service.

Contact: Kris Marrs.

ADMAR Corp.

1551 N. Tustin Ave., Suite 300, Santa Ana, Calif. 92705; 714-953-9600; fax: 714-953-6309

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$16,703,600
UR gross revenue.....	\$2,196,000
Case mgmt. revenue.....	\$106,700
Staff	
Total UR/case mgmt. employees on staff.....	29
Professionals.....	27
Includes: 2 physicians, 13 RNs, 1 licensed practical nurse, 11 medical record technicians	
UR/case mgmt. employees on retainer.....	100
Clients	
Total.....	56
Employer/group plans with direct service.....	16

Covered lives/reviewed admissions	
Employee benefit plan lives served.....	572,450
Acute care inpatient admissions reviewed.....	34,347
Diverted for outpatient treatment.....1.2%	

Services since: 1978.

Parent: The ADMAR Group Inc.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, onsite and telephone case management, review of lab work, free prescreening, referrals to alternative settings, written reports.

Occasional services: Patient education.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, pediatric, high-risk maternity.

Compensation: \$1.25 to \$3.25 per employee per month; \$90 to \$150 per hour; \$200 per case (case management).

Officers: Richard Toral, chairman/CEO; Virginia Pascual, chief administrative officer; Ed Evans, CFO; Joseph Briand, vp-sales/marketing; P.J. Kehoe, vp-MIS.

Contact: Chris Hinds, regional sales manager, 714-953-9600, ext. 487.

Alicare Medical Management

8 Industrial Way, Salem, N.H. 03079; 603-893-1892; fax: 603-894-7064

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$2,773,000
UR gross revenue.....	\$2,052,000
Case mgmt. revenue.....	\$476,000
UR direct to employers.....	74%
Case mgmt. direct to employers.....	17.2%
Other services.....	8.8%
Staff	
Total UR/case mgmt. employees on staff.....	33
Professionals.....	29
Includes: 1 physician, 28 RNs	
UR/case mgmt. employees on retainer.....	41
Includes: 41 physicians	
Clients	
Total.....	551
Employer/group plans with direct service.....	551

Covered lives/reviewed admissions	
Employee benefit plan lives served.....	440,000
Acute care inpatient admissions reviewed.....	12,000
Diverted for outpatient treatment.....22%	

Services since: 1990.

Parent: Amalgamated Life Insurance Co.

URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, referrals to alternative settings, written reports, 24-hour telephone triage and network referral, travel assistance (medical component).

Occasional services: Second surgical opinion, onsite case management, review of lab work, patient education, free pre-

Continued on page 24

Directory terminology

The annual *Business Insurance* directory of utilization review/case management service providers lists companies that offer utilization review and/or case management directly to members of employer-sponsored group plans or behalf of the employer.

Business Insurance defines utilization review as reviewing inpatient and/or outpatient hospital care and services through programs such as preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, case management, retrospective review and second surgical opinions. Case management is defined as providing planning and monitoring throughout the course of high-risk illnesses, including discharge planning, onsite or telephone case review and/or patient referrals.

Listings begin with the company name and address. Financial/statistical information includes: total 1995 gross revenues, followed by the actual dollar amount of revenues generated by utilization review and/or case management services when provided.

Next, the percentages attributable to utilization review and/or case management services provided directly to employers are listed; utilization review and/or case management services to insurance companies, managed care providers and TPAs; and revenues derived from other services.

Staff information lists total staff assigned to utilization review and/or case management, including a breakout of total professional staff members and staff members on retainer. Staff numbers are provided in full-time equivalents, except for those on retainer.

Business volume is represented by the number of utilization review/case management clients; covered lives, including employee benefit plan and workers compensation lives served; total acute care hospital admissions reviewed and the percent of proposed admissions/cases diverted for outpatient care. All figures provided are for 1995.

The text section of each listing includes the year the company began offering utilization review or case management services and the parent company, if applicable. Utilization Review Accreditation Commission certification is noted as URAC certified in utilization review providers' listings.

Specific utilization review and case management services the company provides are described under frequent and occasional services. Next, the types of medical services reviewed/cases managed are provided.

Branch offices are other locations performing utilization review, followed by compensation, the method used to bill for services. Names and titles of principal officers and a contact complete the listings.

This directory is published as an editorial service to our readers. There is no charge for companies to be listed. Information reported is based on each company's response to a BI questionnaire. Although every effort is made to publish complete and accurate listings, BI is unable to verify all information.

10 largest general service utilization review firms

Based on total acute care inpatient admissions reviewed in 1995

Company	Total acute care inpatient admissions reviewed	Full-time staff			Physicians on retainer
		Total	Physicians	RNs	
United HealthCare Corp.	801,381	1,117	64	991	2
Private Healthcare Systems Inc.	737,972	599	16	177	11
Intracorp	496,000	3,485	83	779	350
Health Value Management Inc.	300,000	212	9	50	108
National Health Services Inc.	279,730	169.5	4.5	117	12.5
AXIOM Review	236,000	77	1	55	85
Cost Care Inc.	195,357	428	31	268	NA
IPRO	180,000	250	NA	NA	600
ENCOMPASS Health Management Systems	178,000	195	4	107	350
CareAdvantage Health Systems Inc.	125,000	125	10	65	105

NA=not available Source: BI survey

GRAPHIC BY JOHN HALL

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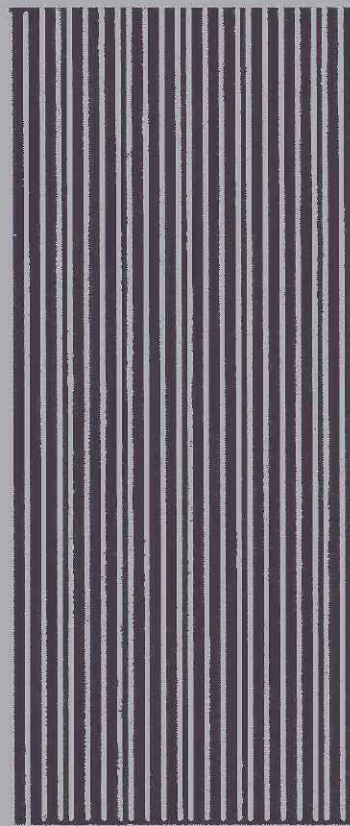
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Continued from page 22 screening.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, disability, pediatric.

Compensation: per employee per month; per case; per hour.

Officers: Claire Levitt, president; Annette Duclos-Watson, vp.

Contact: Marketing/sales department, 212-539-5000.

The Alliance

3033 E. First Ave., Suite 810, Denver, Colo. 80206; 303-333-6767; fax: 303-322-3830

Utilization Review/Case Management	
1995 revenues	
UR direct to employers.....	80%
Case mgmt. direct to employers.....	20%
Staff	
Total UR/case mgmt. employees on staff.....	1.75
Professionals.....	1.75
Clients	
Total.....	40
Employer/group plans with direct service.....	40

Covered lives/reviewed admissions

Employee benefit plan lives served.....	13,110
Acute care inpatient admissions reviewed.....	812
Diverted for outpatient treatment.....	18%

Services since: 1992.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, patient education, referrals to alternative settings, written reports.

Occasional services: Retrospective review, hospital bill audits, onsite case management, review of lab work, free prescreening.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, pediatric, home health care.

Compensation: Per employee per month; per hour.

Officers: Elisa Hamill, CEO; Cathy Van Doren, director-managed care; Eva Vyas, director-member/information services; Susan Katzer, director-network development; Jim Parone, CFO.

Contact: Cathy Van Doren.

American Claims Evaluation Inc.

1 Jericho Plaza, Wing B, Jericho, N.Y. 11753; 516-938-8000; fax: 516-938-0405

Utilization Review/Case Management

1995 revenues	
Total gross revenue.....	\$5,366,000
UR/case mgmt. gross revenue.....	\$5,366,000
UR direct to employers.....	8.5%
Case mgmt. direct to employers.....	25%
Services to health care/insurance providers.....	66.5%
Staff	
Total UR/case mgmt. employees on staff.....	70
Clients	
Total.....	475
Employer/group plans with direct service.....	200

Services since: 1982.

Frequent services: Hospital bill audits, vocational rehabilitation services, DRG validation, RN directed negotiations, provider discounts.

Medical services reviewed/managed: Group health, rehabilitation, workers comp/disability.

Branch offices: Jericho, N.Y.; Dallas; Moses Lake and Spokane, Wash.

Compensation: Per case; per hour; contingency as a percentage of savings.

Officers: Gary Gelman, president/CEO; Gary J. Knauer, CFO/treasurer; Bonnie Jackson, vp-operations; Steve Renz, president-RPM Rehabilitation.

American Health Holding Inc.

781 Northwest Blvd., Columbus, Ohio 43212; 800-641-3224; fax: 614-421-3222

Utilization Review/Case Management

1995 revenues	
UR direct to employers.....	65%
Case mgmt. direct to employers.....	30%
Other services.....	5%
Staff	
Total UR/case mgmt. employees on staff.....	60
Professionals.....	50
Includes: 50 RNs	
UR/case mgmt. employees on retainer.....	57
Includes: 25 physicians, 32 nurses	
Clients	
Total.....	5,025
Employer/group plans with direct service.....	5,000

Covered lives/reviewed admissions

Employee benefit plan lives served.....	500,000
Acute care inpatient admissions reviewed.....	20,000
Diverted for outpatient treatment.....	5%

Services since: 1985.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, referrals to alternative settings, written reports.

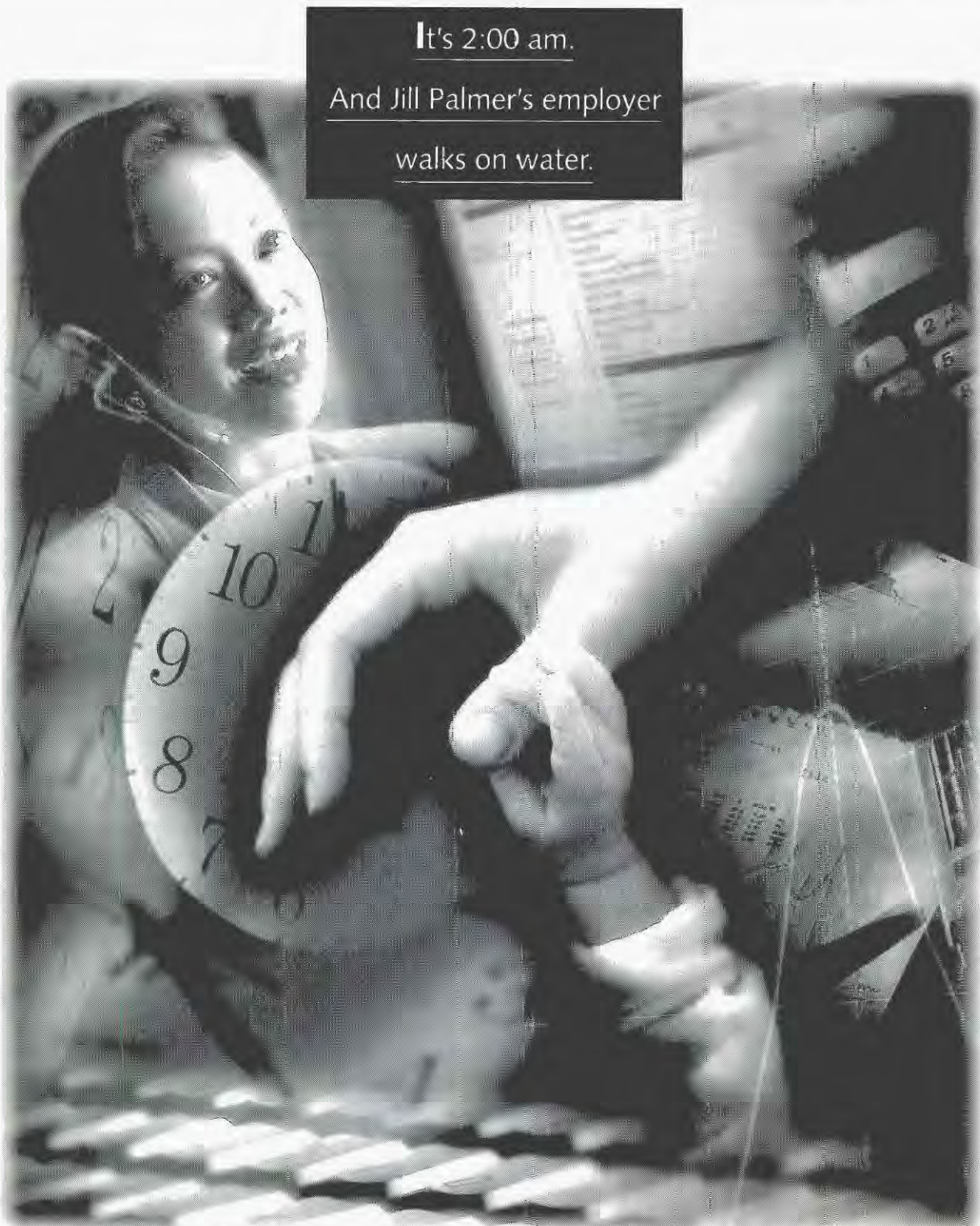
Occasional services: Onsite case management, review of lab work, patient education.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: Chicago; Indianapolis; Frankfort, Ky.; Independence, Ohio.

Compensation: \$0.80 to \$1.65 per employee per month; \$65 to \$95 per hour.

Officers: Michael Reidelbach, Ivan Gilbert, Joan Yockel, Merry Korn.
Contact: Merry Korn, vp-marketing.



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Associates for Health Care Inc.

P.O. Box 981, 125 N. Executive Drive, Suite 201, Brookfield, Wis. 53008-0981; 414-784-9007; fax: 414-784-6419

Utilization Review/Case Management

1995 revenues	
UR direct to employers.....	10%
Case mgmt. direct to employers.....	10%
Services to health care/insurance providers.....	20%
Other services.....	60%
Staff	
Total UR/case mgmt. employees on staff.....	17
Professionals.....	17
Includes: 2 physicians, 10 RNs, 2 licensed practical nurses, 3 medical record technicians	
UR/case mgmt. employees on retainer.....	14
Clients	
Total.....	540
Employer/group plans with direct service.....	500

Covered lives/reviewed admissions

Employee benefit plan lives served.....	282,998
Workers compensation lives served.....	922
Acute care inpatient admissions reviewed.....	33,560

Services since: 1984.

Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, onsite and telephone case management, review of lab work, patient education, free prescreening, referrals to alternative settings, written reports.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Compensation: \$1.75 to \$2 per employee per month; \$100 to \$150 per hour; percentage of savings.

Officers: Richard L. Blomquist, president/CEO; Judith Blomquist, vp; Peter Grimes, vp-product development.

AXIOM Review

33 Bleeker St., Millburn, N.J. 07041; 201-379-6300; fax: 201-379-0490

Utilization Review/Case Management

1995 revenues	
Total gross revenue.....	\$5,100,000
UR gross revenue.....	\$2,805,000
Case mgmt. revenue.....	\$1,785,000
UR direct to employers.....	5%
Case mgmt. direct to employers.....	20%
Services to health care/insurance providers.....	65%
Other services.....	10%
Staff	
Total UR/case mgmt. employees on staff.....	77
Professionals.....	68
Includes: 1 physician, 55 RNs, 4 licensed practical nurses, 8 medical record technicians	
UR/case mgmt. employees on retainer.....	125
Includes: 85 physicians, 40 nurses	
Clients	
Total.....	97
Employer/group plans with direct service.....	21

Covered lives/reviewed admissions

Employee benefit plan lives served.....	405,000
Workers compensation lives served.....	145,000
Acute care inpatient admissions reviewed.....	236,000
Diverted for outpatient treatment.....	10%

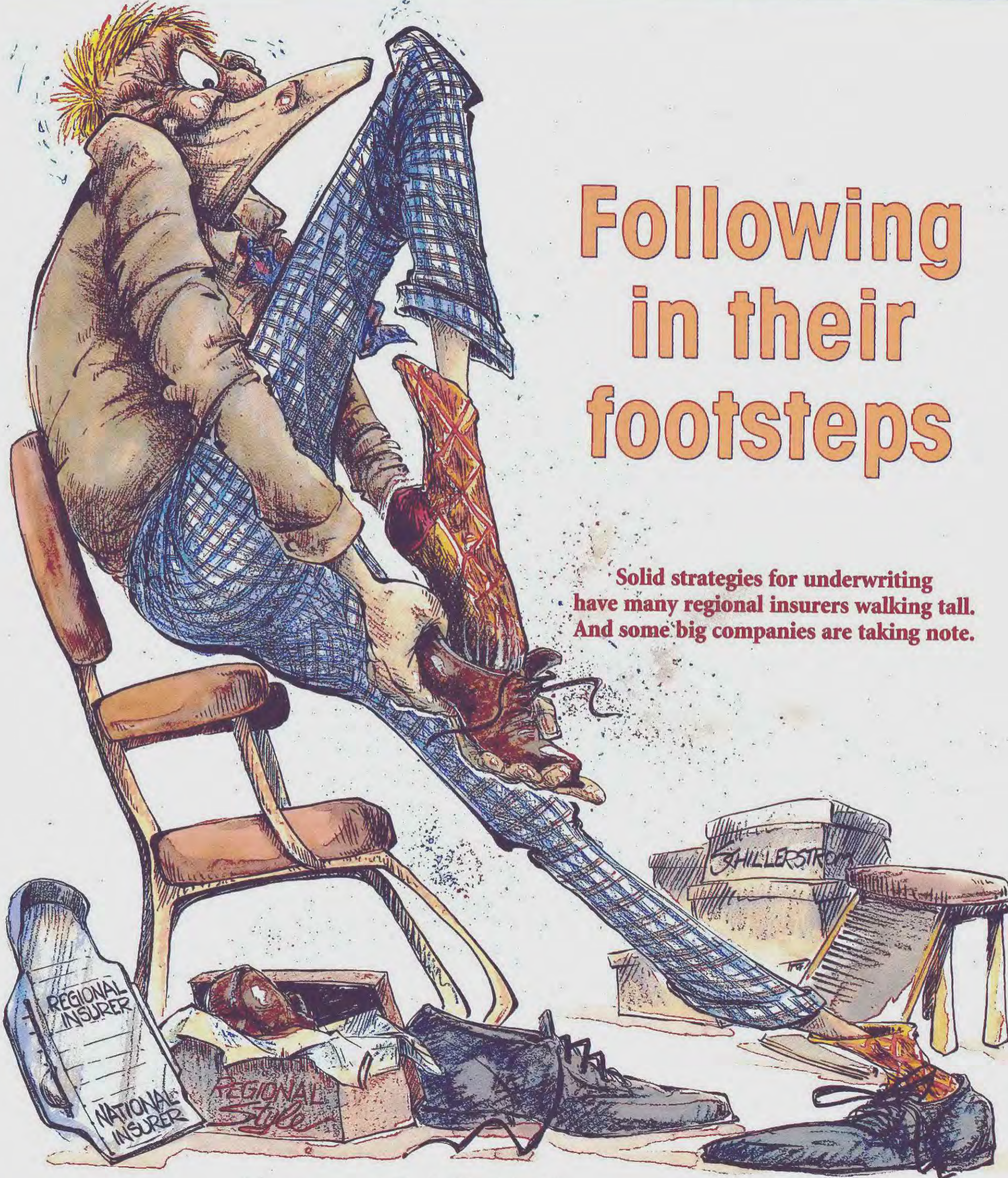
Services since: 1975.

Parent: The AXIOM Group.
URAC certified.

Continued on next page

Insurer Topics

A special editorial section sent exclusively to insurers and reinsurers



Following in their footsteps

Solid strategies for underwriting have many regional insurers walking tall. And some big companies are taking note.

Regionals may find it's their time to shine

Ongoing market consolidation is likely to work to the advantage of local insurers

By MARK A. HOFMANN

Well-managed regional insurers will be able to do far more than just hold their own as the property/casualty industry continues to consolidate, industry observers say, and underwriting strategy is one reason for that.

The well-run regional companies enjoy certain advantages over national insurers as they compete for certain types of business. These advantages can include a more intimate knowledge of local markets, an ability to respond more quickly to changing conditions and a marketing consistency that wins them plaudits from agents. In some cases, regional and national insurers have an almost

symbiotic relationship, with the local companies serving industry segments that national insurers cannot underwrite profitably.

In fact, insurance scholars and stock analysts as well as the officers of those companies themselves see a generally bright future for some regionals as they take advantage of business opportunities made possible by the increased specialization of national companies. But the very

success of soundly run regional companies during a period of industry consolidation could ultimately work to their detriment if they become bigger and less focused, many observers warn.

"In general, we think the regionally oriented, focused companies have historically demonstrated an ability to build up their capital base and provide a reasonable return to their shareholders," said Alan M. Levin, se-

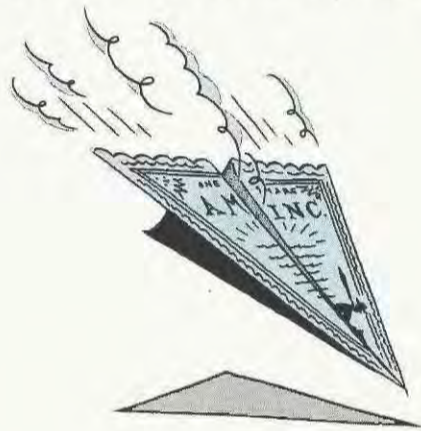
nior vp of Standard & Poor's Corp.'s Insurance Rating Services in New York.

"We increasingly see many of the national companies attempting to emulate some of the regional specialized companies," said Mr. Levin. Some national insurers even are trying to mimic the regional companies' strategies of focusing on individual state markets or lines of business, he said.

Regional insurers "fit in very nicely" into the framework of the property/casualty marketplace as a whole, said F. David Rolwing, chairman, president and chief executive officer of Montgomery Mutual Insurance Co. in Sandy Spring, Md., and a former chairman of the Schaumburg, Ill.-based Alliance of American Insurers.

Regionals "speak to a market segment that the larger companies often either are unable or unwilling to speak to. Their strength is in looking at the smaller commercial risk, the

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His company invested in a portfolio of AAA-rated collateralized mortgage obligations that was decimated by unexpected interest rate activity. Some CMO tranches represent outstanding value for the related risk; others are so risky as to be virtually unmanageable. In pursuit of attractive yields, his company forgot that reinvestment risk can be just as dangerous as credit risk.

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STRATEGIES

smaller workers compensation risk. They know their market. They know the people who are involved in the marketplace—the independent agency system," he said.

Larry Forrester, president of the Indianapolis-based National Assn. of Mutual Insurance Cos., a trade association whose members range from such giants as American International Group Inc. to tiny farm mutual companies, agreed.

Regionals enjoy "tremendous" loyalty from their agents in part because of many regionals' specific "product orientation," he said. Agents relate to such companies "because they've always been good" in a particular product.

However, regional and national companies aren't necessarily competing for the same markets, Mr. Forrester noted. Regional companies mostly do not handle very large commercial risks. They "are more Main Street America."

Familiarity with Main Street, combined with the need to focus more on local markets because they are so important to them, is another advantage regional insurers enjoy, said Charles L. Jones, vp and general manager of Country Mutual Insurance Co. in Bloomington, Ill. Country Mutual's underwriting focus is personal auto and homeowners risks.

Large organizations can get too bureaucratic, carry too much overhead, and can find it diffi-

Continued on next page

Continued from previous page
cult to change. "If a company has a problem in one state and it writes in 50, how much attention is that company going to pay to that one state?" asked Mr. Jones.

W. Mick Taylor, chairman, president and CEO of Grange Mutual Casualty Co., a Columbus, Ohio-based insurer that is licensed in nine Midwestern and Southern states, noted that, in general, the bigger the organization, the further removed the top official is from the foot soldier. This gives regionals an advantage over their national competitors in their relations with independent agents, said Mr. Taylor.

"We focus our attention on a very few states and we really focus on it, and the number of layers between me and the person who's actually executing is much less," he said. Because Grange Mutual understands the "nuances" of those states, the insurer can respond quickly to the needs of independent agents.

"I go out twice a month and I have breakfast with four to six agents to make sure I'm hearing



Mr. Taylor

what's on the ground," said Mr. Taylor, adding that those meetings don't include the contact he has with agents who visit the insurer's headquarters.

Grange Mutual's main underwriting areas are personal auto and homeowners.

"I believe that the regional companies have a more committed workforce. Most of them are not decentralized. The bulk of the people who work for a regional company are located in one office as a rule. We're also less apt to be changing management styles. I've been in this business 34 years and I've seen large companies decentralize and centralize three or four times," said John R. Dedrick III, president and CEO of West Bend Mutual Insurance Co., a West Bend, Wis.-based insurer that operates in five Midwestern states.

Regional insurers are "consistent in their approach to the business. You don't see them moving in and out of the market in a dramatic fashion. The customer feels pretty comfortable that the company is going to be here five years from now or 10 years from now," NAMIC's Mr. Forrester said.

Some regional insurers currently are benefiting from many national companies' decisions to focus on market niches rather

than to underwrite a wide variety of coverages. Several national companies previously known as generalist underwriters, such as Baltimore-based USF&G Corp. and Charlotte, N.C.-based Royal Insurance Group, have in the past few years redirected their underwriting strategies to focus on specific market segments.

"When you do specialize, it does create the need for what I would call the generalist who is willing to write the general types of mainline business," said George White, a vp at the Insurance Institute of America in Malvern, Pa., who has worked for both a regional and a national insurer.

"The national companies have generally specialized more toward the larger risk, and certainly that leaves a whole different marketplace that the regional companies can take advantage of," said Montgomery Mutual's Mr. Rolwing.

This includes lines of business related to farming, which large commercial insurers are not particularly interested in, he said.

Montgomery Mutual's top underwriting areas are workers compensation, auto liability and homeowners insurance.

"As soon as the larger companies began to pull out of the personal lines business, we began to

fill that vacuum immediately," said Mr. Dedrick. Most of West Bend Mutual's premium comes from workers comp and personal auto risks.

Grange Mutual's Mr. Taylor said his company is not at a disadvantage competing with national insurers on personal lines. For a regional company trying to enhance its personal lines business, "this is a nice environment to be in."

He added, however, that regionals could be at a disadvantage competing for larger commercial accounts, particularly when dealing with a customer that operates in all the states.

And, competition is increasing for the regionals, several observers pointed out.

For example, companies that have withdrawn their capacity from the catastrophe-exposed coasts and their cat exposures and are "looking to the Midwest" for new business, and that has meant there's "far more capacity out there than we need right now," said Mr. Dedrick.

The IIA's Mr. White also noted the regional agency companies must compete increasingly with direct writers, which are moving beyond personal lines into Main Street commercial lines.

Regionals also face several other significant challenges.

Mr. Rolwing said regionals' smaller size makes them "somewhat more vulnerable" to catastrophes. But, this vulnerability can be mitigated with adequate reinsurance. Regionals also have a harder time getting adequate capitalization to grow than national insurers do, he said.

Another problem associated with the size of sales territories stems from a mobile population, said Country Mutual's Mr. Jones.

"They have trouble providing service for people who move around," he said. When policyholders move out of the area, they lose them. There's also a challenge turning newcomers into policyholders because the regional companies don't have the name recognition that larger companies do.

That lack of name recognition also comes into play when a regional expands into a new area, making it more of a challenge to attract customers, he said.

West Bend's Mr. Dedrick sees an emerging gap between the haves and have-nots at both national and regional levels. Despite the prolonged soft market, "the really good companies continue to enjoy success while the others struggle."

"As the gap widens, it only follows. See **Regional** on next page



GET THE BROADER VIEW...

Regional

Continued from previous page
lows that the have-nots will have to materially change or align themselves with the haves," said Mr. Dedrick.

That type of realignment will be evident in consolidation among the regionals, several observers said. In some cases, the consolidation among regionals will be driven by a desire to expand, the IIA's Mr. White said.

"Certainly there will be continued consolidations," agreed Grange Mutual's Mr. Taylor.

purpose of the company" or it will cause problems, he said.

Strong regionals will have to consolidate in many cases to keep pace with the national insurers in terms of lowering costs and building premium volume, said S&P's Mr. Levin.

But, consolidation has a downside in that companies that grow larger can lose their focus on the specialties that made them successful in the first place, he warned.

"I see the whole process of consolidation going down to the next level," the IIA's Mr. White said. He called it "a real challenge for the

Whatever the reason for the acquisition, it 'must line up with the strategic purpose of the company' or it will cause problems, says W. Mick Taylor.

In some cases, the consolidation will be among strong companies entering into some sort of affiliation agreement to pursue a joint goal. In other cases, it will be an outright merger as a strong company acquires a smaller enterprise to expand its marketplace to another state. Whatever the reason, it "must line up with the strategic

regionals," because "they become basically a small version of a national company" and lose their flexibility. "The regionals will get larger, the nationals will get smaller in terms of their structures," Mr. White predicted.

"The companies that do that effectively and efficiently are going to be the stars." **BI**

Non-standard success

Integon concentrates on one slice of the P/C market at a time

By MARK A. HOFMANN

When James T. Lambie became president of Integon Corp.'s property/casualty units in 1987, he took over an organization that had its corporate fingers in just about every kind of insurance pie.

"We were doing a lot of different things. We were in the homeowners' business, we were in the auto warranty business, the collateral warranty business. We were in 10 different businesses," said Mr. Lambie, who joined Integon in 1972 and worked his way from the legal department to the president's office.

Mr. Lambie then made a decision that would ultimately pay off handsomely for the Winston-Salem, N.C.-based insurer. The company would concentrate its efforts on one line of insurance: non-standard auto.

"I just had a feeling that to be a successful company you have to focus on one thing and do it very well and the thing that the

management group did very well was non-standard auto. I made a decision we were going to get out of all these other businesses and expand non-standard auto outside of North Carolina."

By doing so, Integon became "a good illustration of the things we see in regard to specialized, focused companies," said Alan M. Levin, senior vp-insurance rating services of Standard & Poor's Corp. in New York.

In the increasingly competitive property/casualty insurance industry, "the watchword is to be narrowly focused and specialized," which Integon has done well, said Mr. Levin. "What they've done fundamentally is focus on something they can do and have been doing. That's why they are successful."

Mr. Lambie said the decision to concentrate on non-standard auto reflected the company's history. "We have been historical players in it, really started in earnest in the early 1980s in North Carolina only." But Integon, which in the early 1980s was known primarily for its life insurance products, had pulled out

of other non-standard auto markets outside the state. Shortly after Mr. Lambie became president in 1987, the company re-entered markets in neighboring states, beginning with Virginia in October 1987.

Mr. Lambie calls the non-standard market "a very good place in which to do business." It comprises 15% to 18% of the total

UNDERWRITING



STRATEGIES

auto market and is made up of drivers who can't get coverage through a standard underwriter, he said. About half the time, the driver has accumulated too many traffic points to be of interest to a standard underwriter, he said. The other half of cases involve bad credit, employment status or young drivers.

Continued on next page

Business Insurance®

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GLOBAL FOCUS — 1996

Global Focus will appear six times in 1996 as a regular section distributed exclusively to non-U.S. subscribers. It will address the specific risk management and employee benefits concerns of executives in countries other than the United States.

PUBLISHING DATES AD CLOSING DATES

January 29 January 17

March 25 March 13

May 27 May 15

September 2 August 21

October 7 September 25

November 11 October 30

Continued from previous page

"It's a different marketplace from standard auto," said Mr. Lambie. While standard auto is heavily underwritten, non-standard auto "is basically a pricing game. We have a saying that there's no bad risk, there's just a bad price," he said.

Policyholders typically buy much lower limits than customers of standard auto underwriters. In fact, about two-thirds of Integon's non-standard auto clientele buy only the minimum amount of coverage the state requires for a license tag.

In addition, 80% to 85% of Integon's North Carolina policyholders buy their liability coverage through the North Carolina Reinsurance Facility. "We get the physical damage piece," said Mr. Lambie.

Integon's net written premiums grew steadily throughout the 1990s, reaching more than \$363 million in 1994, more than double 1990's \$159 million. Third-quarter figures for last year indicate continued growth at about 20%.

The insurer's combined ratio also remained below 100% throughout the period, reflecting ongoing efforts to keep costs in line, notably through increased reliance on technology.

Mr. Lambie described the mar-

ket as "very, very competitive," with more than 200 insurers seeking some non-standard auto business, though there are only a handful of major players. He pointed out that Integon currently ranks third or fourth among non-standard auto writers.

The intensive competition means "right now the prices have pretty much stabilized. We still have some smaller competitors that come into a marketplace and offer low prices to get market share and kind of mess up the market in that particular time."

Although Mr. Lambie said Integon plans to continue concentrating on non-standard auto, he pointed out that the insurance company hopes to expand the business it writes in a few selected related lines.

For example, Integon is involved in what Mr. Lambie called "sort of the other end of the spectrum" from non-standard auto with its preferred automobile insurance program.

This Integon coverage program is aimed at very good driving risks and is available in North Carolina. The insurer also wants to expand this coverage to other states as well.

Another potential growth area is the specialty auto program for

small commercial fleets, such as florists and contractors.

Mr. Lambie described this program as "kind of compatible with non-standard auto" because the independent agents who market Integon's non-standard auto program also serve a demand for small commercial.

The specialized commercial program currently accounts for 5% of the insurer's premiums and Mr. Lambie predicted "that could easily double in the next 10 years."

One of the reasons for this projected growth is Integon's acquisition of Burlington, N.C.-based Bankers & Shippers Insurance Co. in late 1994. Whereas Integon operated primarily in the Southeast, Bankers & Shippers had as its primary area the Northeast.

"It really fit well from a geographic standpoint. It fit right in with our strategy of continuing to move on a national basis to sell non-standard auto. It filled out some areas east of Mississippi where we weren't operating," said Mr. Lambie. It also added a Texas operation.

Integon currently operates in 22 states and has 16 more targeted for entry with the goal of eventually writing in about 40 states. Some states aren't attractive because of the regulatory cli-

mate, and others have too small a population, he said.

"The Bankers & Shippers acquisition really vaulted us into the top tier," said Mr. Lambie. He expects savings of between \$6 million and \$8 million in the first year, he said.

He stressed that the acquisition fit in well from a systems standpoint.

Both insurers used basically the same system, which made it easy to integrate operations even though they were only 45 minutes apart.

When Integon bought Bankers & Shippers, it became evident that Integon was "a lot more efficient. We had two to three times as many policies per full-time employee" than Bankers & Shippers, he said.

Relying on technology is essential to keeping costs down, said Mr. Lambie.

Integon uses computers that can order motor vehicle records. The computer then scans, assigns classifications and actually rates them, he said. The system also does renewals automatically, he said.

The systems area is the biggest challenge to rapid growth, he said. Each state is like a different company, with different regulations, different competitors. Making changes in existing

states was just like programming a new state. "The real challenge is having the system process keep up."

The systems area was also part of the legacy of being the offspring of Integon's life insurance operations, he said.

"One thing that was a plus was that by having a life company here, and it had grown to substantial size," Integon's property/casualty operations could use the computer systems. This helped manage the shift of Integon's business from being approximately 80% life insurance in the early 1980s to 85% property/casualty when Integon sold its life operations to Raleigh, N.C.-based PennCorp. Financial Group Inc. last July.

"Everything here was in place for us to grow at the same time they were shrinking," Mr. Lambie said.

Mr. Lambie foresees more consolidation in the property/casualty business, particularly in non-standard auto.

"I think in our segment of the business, the most efficient companies will be the ones that survive. We're a very efficient operation. We'll be able to compete and survive in a marketplace where the margins have really narrowed over the last two years." **B**

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Talk topics Oprah wouldn't touch

Successful insurance talk radio show expands to TV format

By GAVIN SOUTER

Insurance talk radio may not sound much like a show to top the ratings, but Bill Bailey's Sunday call-in show has been so successful he now is working on a television version.

A pilot for a televised edition of "Are You Protected?" already has been taped and Mr. Bailey is seeking sponsors for a series.

He said a TV show would reach even more people and help tell consumers that insurance exists to help people.

"Too often, the insurance industry is on the defensive. If we read a piece about us where we don't get hammered or beat up, we say, 'Wow, what a great story.' I think we can tell a better story," said Mr. Bailey, who is special counsel based in Boston for the Insurance Information Institute.

Mr. Bailey, who joined the III in 1986, previously worked for a computer company and held executive positions in the claims department of Boston-based Commercial Union Insurance Cos. He got involved in broadcasting after joining the III, where one of his duties was to represent the institute on radio shows as an insurance expert.

He believes the insurance industry can use the media to explain how much natural catastrophes have cost property insurers in recent years and why that has necessitated premium increases.

Consumers "walk away saying, 'Oh, that's the reason why premiums are going up.' They may not be happy about it, but at least they

understand," he said.

Improving insurers' and agents' relations with their customers was one of the reasons Mr. Bailey started his radio show in August 1994.

Mr. Bailey said he got the idea for the show while standing in as a host on a radio program.

In July 1994, he attended a radio talk show hosts' convention in Santa Monica, Calif., and suggested having his own regular show to John Crohan, president of the nationwide Talk America radio network. "He asked me what the topic would be and I said, 'Insurance,' and his eyes glazed over," Mr. Bailey said.

But, when Mr. Crohan canvassed the other hosts in the room on whether Mr. Bailey could make the subject interesting to consumers, Mr. Crohan warmed to the idea.

"Two weeks later, I was on the air," Mr. Bailey said.

The show started on six stations and is now aired on 76 AM radio stations in the Talk America network on Sundays between noon and 2 p.m. Eastern Standard Time.

Mr. Bailey broadcasts the show from his home in Boston, where it is beamed to satellites that transmit it to stations across the country.

The format of the show is simple: pick an issue and invite guests who know the subject to come on and take calls.

Previous guests have included: J. Robert Hunter, the consumer advocate and former insurance commissioner for Texas; D. Richard McFerson, president and CEO of Nationwide Mutual Insurance Co. in Columbus, Ohio; and Gerry Scannell,

the president of the National Safety Council in Itasca, Ill.

Subject matters vary widely also and have included: silicone breast implants; sexual harassment and employer liability; the Occupational Safety and Health Administration; AIDS; and violence in the workplace.

Some of the subjects are seasonal. For example, on Super Bowl Sunday, the show talked about the various coverages that the National Football League needed. Over Thanksgiving, the subject was travel insurance.

The most popular subjects are anything to do with personal health, Mr. Bailey said.

"People get a whole new perspective on the role that insurance plays in their lives. They see how insurance makes things possible," he said.

Listeners call in to the show with questions that range from buying

policies to resolving claims, and Mr. Bailey and his guests dispense advice.

The success of the radio show has encouraged Mr. Bailey to seek a way to transfer it to TV. "I thought if a radio show that talks about insurance can do so well, imagine how much more interesting it would be if you could see some of the players live," he said.

So, last year he produced a one-hour pilot TV show that examined natural catastrophes.

Guests who appeared on the show included: Kate Hale, the emergency management director for Dade County, Fla.; J. Wesley Ooms, assistant vp with special responsibility for natural disaster legislation at State Farm Fire & Casualty Co. in Bloomington, Ill.; and Frank Nutter, president of the Reinsurance Assn. of America in Washington.

A friend of Mr. Bailey at an insurance agency in Columbus, Ohio, suggested he pitch the TV show idea to a local radio station. The station then referred Mr. Bailey to WOSU-TV, a Public Broadcasting System affiliate at Ohio State Uni-

versity in Columbus, Ohio, which expressed an interest in airing the show.

But then he ran into the problem of financing the program. The TV show will cost considerably more to produce than the radio show, and financing likely will have to come from the insurance industry, Mr. Bailey said.

Mr. Bailey plans to continue doing his radio show after the TV show gets going.

Many of the companies he contacted for support "were worried that they would not reach an audience of any size on PBS."

Now, Mr. Bailey is exploring how to get the show on a major network where companies related to the insurance industry can buy advertising time.

Although the show's format is still undetermined, the insurance industry should support the show because of its ability to communicate effectively with consumers, Mr. Bailey said.

"What I'm doing is a tremendous benefit to the industry, and they need to support it to get it off the ground," he said. **BI**

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Issue of February 19

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Group Underwriters Association of America, Inc.

1996 Spring Meeting

An Industry Update

Feedback from our members guided the development of our most well rounded agenda ever for the Spring Meeting. Discussion topics include:

- Keynote speaker **Bob Laszewski** will discuss how activities "Inside the Beltway" affect group insurance industry issues, group insurance company operations and the marketing of group insurance products.
- George Mason** of LIMRA will lead a worksite marketing program.
- HIAA President **Bill Gradison** returns to give an update on how the HIAA is assisting its members through change.
- Other sessions will detail private sector initiatives to control health care costs, group life underwriting issues, and GUAA committee-specific topics—such as how ancillary benefits fit into the worksite marketing concept.

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When: March 17-19, 1996
Where: J.W. Marriott, Washington, D.C.
Fees: Meeting fees - \$175 (plus 1996 annual dues) 1996 annual dues - \$85



Continued from previous page

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Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, workers comp/disability, auto insurance liability.

Compensation: \$1.25 to \$6.75 per employee per month; \$7.50 to \$36 per case; \$65 to \$200 per hour.

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BRI Case Management/Bohn Inc.

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Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$1,530,000
Case mgmt. direct to employers.....	5%
Services to health care/insurance providers.....	85%
Other services.....	10%
Staff	
Total UR/case mgmt. employees on staff.....	27
Professionals.....	20
Includes: 20 RNs	
UR/case mgmt. employees on retainer.....	6
Includes: 6 physicians	
Clients	
Total.....	45
Employer/group plans with direct service.....	2

Services since: 1995.
Parent: Underwriters Safety & Claims.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite case management, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, referrals to alternative settings, written reports.

Occasional services: Telephone case management, review of lab work, patient education, outpatient psychiatric and substance abuse services.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability.

Branch offices: Springfield, Ill.; Indianapolis; Ashland, Berea, Hopkinsville, Lexington, Louisville, Middlesboro, Owensboro, Pikeville and Somerset, Ky.; Brentwood and Cordova, Tenn.

Compensation: UR: \$50 to \$200 per case; case management: \$48 to \$60 per hour.

Officers: Scott Ferguson, president; Maggie Eden, general manager.

Beech Street Corp.

173 Technology, Irvine, Calif. 92718; 800-877-1666 or 714-727-9300; fax: 714-727-1319

Utilization Review/Case Management	
1995 revenues	
UR direct to employers.....	3%
Case mgmt. direct to employers.....	3%
Services to health care/insurance providers.....	5%
Other services.....	89%
Staff	
Total UR/case mgmt. employees on staff.....	97
Professionals.....	62
Includes: 5 physicians, 28 RNs, 10 licensed practical nurses, 19 medical record technicians	
UR/case mgmt. employees on retainer.....	36
Includes: 36 physicians	
Clients	
Total.....	165
Employer/group plans with direct service.....	115
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	270,000
Workers compensation lives served.....	5,500,000
Acute care inpatient admissions reviewed.....	15,833
Services since: 1982.	
URAC certified.	
Frequent services: Preadmission	

certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings, written reports, disability management, cost containment and case management in conjunction with return-to-work programs.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: Irvine, Calif.; Dallas.
Compensation: \$1.10 to \$2 per employee per month; \$85 to \$150 per case; \$85 to \$100 per hour.

Officers: William A. Fickling Jr., owner/CEO; John Mills, executive vp-product development; Norman Werthwein, CFO; George Bregante, senior vp-marketing/sales/client services; William M. Thompson, medical director.

Contact: Marketing department, 714-727-1353.

Continued on next page

Business Insurance

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Las Vegas, Nev. 89102;
702-364-1484; fax: 702-364-0843

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$4,954,601
UR gross revenue.....	\$3,800,000
Case mgmt. revenue.....	\$500,000
UR direct to employers.....	30%
Case mgmt. direct to employers.....	10%
Services to health care/insurance providers.....	45%
Other services.....	15%
Staff	
Total UR/case mgmt. employees on staff.....	16
Includes: 5 physicians, 3 RNs	
UR/case mgmt. employees on retainer.....	5
Includes: 5 physicians	
Clients	
Total.....	11
Employer/group plans with direct service.....	2
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	225,000
Acute care inpatient admissions reviewed.....	860
Diverted for outpatient treatment.....	70%

Services since: 1991.
Parent: Sierra Health Services Inc.
URAC certified.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports.
Occasional services: Onsite case management, review of lab work, patient education, hospital bill audits.
Medical services reviewed/managed: Psychiatric/substance abuse.
Compensation: \$1 to \$1.25 per employee per month; \$275 to \$320 per case; \$90 to \$120 per hour.
Officers: Michael R. Adams, president/COO.
Contact: Daniel J. Slichko, manager-business development.

Benefit Administrators of America Inc.(BAAI)

207 Crocker, Des Moines, Iowa 50309;
515-243-3210; fax: 515-282-0719

Utilization Review/Case Management	
1995 revenues	
UR/case mgmt. direct to employers.....	15%
Services to health care/insurance providers.....	2%
Other services.....	83%
Staff	
Total UR/case mgmt. employees on staff.....	68
Professionals.....	68
Includes: 2 physicians, 55 RNs	
UR/case mgmt. employees on retainer.....	121
Includes: 121 physicians	
Clients	
Total.....	86
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	113,300
Services since: 1982. Parent: Blue Cross Blue Shield of Iowa. URAC certified. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, second surgical opinion, hospital bill audits, outpatient service predetermination, referrals to alternative settings. Occasional services: Onsite case management, retrospective review, outpatient psychiatric and substance abuse services, prenatal screening, written reports. Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, pediatric. Branch offices: Sioux City, Iowa. Compensation: Per employee per month; per case; per hour. Officers: Cliff Gold, COO; Steve Regan, director-client services; Carla Bates, director-financial services; Paula Ryan, director-marketing. Contact: Sandra McNeal, 515-246-4874.	

Benefit Consultants Inc.

14500 S. Outer Forty Road, Suite 502,
Chesterfield, Mo. 63017-5736;
314-434-4620; fax: 314-434-8335

Utilization Review	
1995 revenues	
UR direct to employers.....	5%
Other services.....	95%

Services since: 1982.
Parent: Blue Cross Blue Shield of Iowa.
URAC certified.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, second surgical opinion, hospital bill audits, outpatient service predetermination, referrals to alternative settings, disease management.
Occasional services: Retrospective review, second surgical opinion, outpatient service predetermination, onsite and telephone case management, review of lab work, written reports.
Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.
Branch offices: 150 locations nationwide.
Officers: Lois E. Silverman, chairman; Donald J. Larson, president/CEO; John A. McCarthy Jr., vp-corporate development; Joseph Pesce, CFO; Anne Kirby, vp-marketing.
Contact: John McCarthy.

Benefit Consultants Inc.

14500 S. Outer Forty Road, Suite 502,
Chesterfield, Mo. 63017-5736;
314-434-4620; fax: 314-434-8335

Utilization Review	
1995 revenues	
UR direct to employers.....	5%
Other services.....	95%

Staff	
Total UR employees on staff.....	2
UR employees on retainer.....	3
Includes: 1 physician, 2 nurses	
Clients	
Total.....	5
Employer/group plans with direct service.....	5
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	1,350
Acute care inpatient admissions reviewed.....	150
Diverted for outpatient treatment.....	2%

Services since: 1995.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services.
Occasional services: Retrospective review, referrals to alternative settings.
Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, pediatric.
Compensation: \$1.20 to \$1.90 per employee per month.
Officers: Alan N. Lemley, president; Sharron Gass, vp.
Contact: Sharron Gass.

Bradman/Unipsych Cos.

7777 Davie Road Extension, Suite 302,
Hollywood, Fla. 33024;
954-704-8686; fax: 954-704-8677

Utilization Review/Case Management	
1995 revenues	
UR direct to employers.....	25%
Case mgmt. direct to employers.....	5%
Services to health care/insurance providers.....	25%
Other services.....	45%
Staff	
Total UR/case mgmt. employees on staff.....	10
Professionals.....	4
Clients	
Total.....	16
Employer/group plans with direct service.....	12
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	100,000
Services since: 1986. Parent: Unipsych Corp. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, retrospective review, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports. Occasional services: Review of lab work, patient education, free prescreening. Medical services reviewed/managed: Psychiatric/substance abuse, workers comp/disability. Branch offices: Florida, Georgia. Officers: Leo Bradman, chairman/CEO; Denise Scott, director-administration; Nelson Fernandez, director-operations; Ernest Cohen, psychiatric director. Contact: Leo Bradman.	

Business Health Services Inc.

2022 J St., Sacramento, Calif. 95814;
916-557-9950; fax: 916-557-9970

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$2,700,000
UR gross revenue.....	\$700,000
Case mgmt. revenue.....	\$300,000
Staff	
Professionals.....	14
Includes: 1 physician, 13 RNs	
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	30,000
Workers compensation lives served.....	40,000
Acute care inpatient admissions reviewed.....	4,000
Services since: 1985. URAC certified. Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports. Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric. Compensation: \$1.50 to \$3 per employee per month; \$135 to \$500 per case; \$85 to \$250 per hour. Officers: E. Scott Rosenbloom, president; Joan Baetz, vp. Contact: Dairrel Gardner, director-sales/marketing.	

Business Health Services Inc.

2022 J St., Sacramento, Calif. 95814;
916-557-9950; fax: 916-557-9970

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$2,700,000
UR gross revenue.....	\$700,000
Case mgmt. revenue.....	\$300,000
Staff	
Professionals.....	14
Includes: 1 physician, 13 RNs	
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	30,000
Workers compensation lives served.....	40,000
Acute care inpatient admissions reviewed.....	4,000
Services since: 1985. URAC certified. Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports. Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric. Compensation: \$1.50 to \$3 per employee per month; \$135 to \$500 per case; \$85 to \$250 per hour. Officers: E. Scott Rosenbloom, president; Joan Baetz, vp. Contact: Dairrel Gardner, director-sales/marketing.	

Business Health Services Inc.

2022 J St., Sacramento, Calif. 95814;
916-557-9950; fax: 916-557-9970

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$2,700,000
UR gross revenue.....	\$700,000
Case mgmt. revenue.....	\$300,000
Staff	
Professionals.....	14
Includes: 1 physician, 13 RNs	
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	30,000
Workers compensation lives served.....	40,000
Acute care inpatient admissions reviewed.....	4,000
Services since: 1985. URAC certified. Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports. Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric. Compensation: \$1.50 to \$3 per employee per month; \$135 to \$500 per case; \$85 to \$250 per hour. Officers: E. Scott Rosenbloom, president; Joan Baetz, vp. Contact: Dairrel Gardner, director-sales/marketing.	



CNR Health Inc.

2514 S. 102 St., Milwaukee,
Wis. 53227-2132; 800-654-5160 or
414-327-5197; fax: 414-327-0886

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$11,167,215
UR/case management gross revenue.....	\$7,420,000
UR/case mgmt. direct to employers.....	45%
Services to health care/insurance providers.....	21%
Other services.....	34%
Staff	
Total UR/case mgmt. employees on staff.....	31
Professionals.....	31
Includes: 19 RNs	
Clients	
Total.....	44
Employer/group plans with direct service.....	41
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	588,600
Services since: 1988. URAC certified. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports. Occasional services: Hospital bill audits. Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, home care, physical therapy, speech therapy, occupational therapy, targeted outpatient diagnostic procedures (MRIs), durable medical equipment, prenatal. Branch offices: Houston. Compensation: Per employee per month; per case; per hour; capitation (per member per month); administrative services only, partial and full risk. Officers: Ralph Cavaiani, president; Dianne Kiehl, executive vp; Nancy Lane, vp-behavioral health; Louise Murphy, vp-southwest region; Dr. Pete Levine, national medical director-southwest region; Dr. Barry Blackwell, national medical director-northern region. Contact: Elizabeth Ferris, marketing director (Milwaukee), 414-327-8408; marketing/sales staff (Houston), 800-554-6171 or 713-965-1690.	

CRA Managed Care Inc.

312 Union Wharf, Boston,
Mass. 02109; 617-367-2163;
fax: 617-367-8519

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$146,000,000
UR gross revenue.....	\$18,000,000
Case mgmt. revenue.....	\$106,000,000
UR direct to employers.....	5%
Case mgmt. direct to employers.....	10%
Services to health care/insurance providers.....	80%
Other services.....	5%
Staff	
Total UR/case mgmt. employees on staff.....	1,900
Professionals.....	1,000
Clients	
Total.....	1,400
Employer/group plans with direct service.....	250
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	1,500,000
Acute care inpatient admissions reviewed.....	125,000
Services since: 1994. Parent: CareAdvantage Inc. URAC certified. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, referrals to alternative settings, disease management. Occasional services: Retrospective review, second surgical opinion, outpatient service predetermination, onsite and telephone case management, review of lab work, written reports. Medical services reviewed/managed: Group health, chiropractic, rehabilitation, pediatric. Compensation: Per employee per month; per case; per hour. Officers: John Petillo, chairman; Robert Ailes, president/CEO; Vincent Achil-erre, CFO; Dr. Stephan Deutsch, chief medical officer; Thomas Schember, executive vp. Contact: Robert J. Ailes, 908-602-7005.	

CareAdvantage Health Systems Inc.

485-C Route 1 S., Iselin,
N.J. 08830-3037; 908-602-7000;
fax: 908-602-7027

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$10,000,000
UR gross revenue.....	\$8,000,000
Case mgmt. revenue.....	\$2,000,000
UR/case mgmt. direct to employers.....	5%
Services to health care/insurance providers.....	95%
Staff	
Total UR/case mgmt. employees on staff.....	125
Professionals.....	87
Includes: 10 physicians, 65 RNs, 10 licensed practical nurses, 2 medical record technicians	
UR/case mgmt. employees on retainer.....	105
Includes: 105 physicians	
Clients	
Total.....	5
Employer/group plans with direct service.....	1
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	1,500,000
Acute care inpatient admissions reviewed.....	125,000
Services since: 1994. Parent: CareAdvantage Inc. URAC certified. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, referrals to alternative settings, disease management. Occasional services: Retrospective review, second surgical opinion, outpatient service predetermination, onsite and telephone case management, review of lab work, written reports. Medical services reviewed/managed: Group health, chiropractic, rehabilitation, pediatric. Compensation: Per employee per month; per case; per hour. Officers: John Petillo, chairman; Robert Ailes, president/CEO; Vincent Achil-erre, CFO; Dr. Stephan Deutsch, chief medical officer; Thomas Schember, executive vp. Contact: Robert J. Ailes, 908-602-7005.	

CareAdvantage Health Systems Inc.

485-C Route 1 S., Iselin,
N.J. 08830-3037; 908-602-7000;
fax: 908-602-7027

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$10,000,000
UR gross revenue.....	\$8,000,000
Case mgmt. revenue.....	\$2,000,000
UR/case mgmt. direct to employers.....	5%
Services to health care/insurance providers.....	95%
Staff	
Total UR/case mgmt. employees on staff.....	125
Professionals.....	87
Includes: 10 physicians, 65 RNs, 10 licensed practical nurses, 2 medical record technicians	
UR/case mgmt. employees on retainer.....	105
Includes: 105 physicians	
Clients	
Total.....	5
Employer/group plans with direct service.....	1
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	1,500,000
Acute care inpatient admissions reviewed.....	125,000
Services since: 1994. Parent: CareAdvantage Inc. URAC certified. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, referrals to alternative settings, disease management. Occasional services: Retrospective review, second surgical opinion, outpatient service predetermination, onsite and telephone case management, review of lab work, written reports. Medical services reviewed/managed: Group health, chiropractic, rehabilitation, pediatric. Compensation: Per employee per month; per case; per hour. Officers: John Petillo, chairman; Robert Ailes, president/CEO; Vincent Achil-erre, CFO; Dr. Stephan Deutsch, chief medical officer; Thomas Schember, executive vp. Contact: Robert J. Ailes, 908-602-7005.	

CareAdvantage Health Systems Inc.

485-C Route 1 S., Iselin,
N.J. 08830-3037; 908-602-7000;
fax: 908-602-7027

Utilization Review/Case Management	
1995 revenues	
UR direct to employers.....	20%
Case mgmt. direct to employers.....	70%
Services to health care/insurance providers.....	10%

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$23,900,000
UR gross revenue.....	\$10,000,000
Case mgmt. revenue.....	\$2,200,000
UR direct to employers.....	43%
Case mgmt. direct to employers.....	12%
Cther services.....	45%
Staff	
Total UR/case mgmt. employees on staff.....	63
Professionals.....	24
Includes: 3 physicians, 21 RNs	
UR/case mgmt. employees on retainer.....	7
Includes: 7 physicians	
Clients	
Total.....	256
Employer/group plans with direct service.....	108
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	3,200,000
Acute care inpatient admissions reviewed*.....	101,747
Diverted for outpatient treatment*.....	19%
Services since: 1982. URAC certified. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, review of lab work, patient education, referrals to alternative settings, written reports. Occasional services: Onsite case management. Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, pediatric. Compensation: \$1.40 per employee per month; \$1.15 per hour (case management only). Officers: Ed Zelta, chairman; Mike Henry, president/CEO; Nouri Zalta, executive vp/COO; Greg Hamblin, CFO; Roberta Holtzman, senior vp-operations; Frank Stevens, senior vp-PPO/provider affairs. <i>*1994 figures.</i>	

Services since: 1982.
URAC certified.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, review of lab work, patient education, referrals to alternative settings, written reports.
Occasional services: Onsite case management.
Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, pediatric.
Compensation: \$1.40 per employee per month; \$1.15 per hour (case management only).
Officers: Ed Zelta, chairman; Mike Henry, president/CEO; Nouri Zalta, executive vp/COO; Greg Hamblin, CFO; Roberta Holtzman, senior vp-operations; Frank Stevens, senior vp-PPO/provider affairs.
**1994 figures.*

CareAdvantage Health Systems Inc.

485-C Route 1 S., Iselin,
N.J. 08830-3037; 908-602-7000;
fax: 908-602-7027

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$10,000,000
UR gross revenue.....	\$8,000,000
Case mgmt. revenue.....	\$2,000,000
UR/case mgmt. direct to employers.....	5%
Services to health care/insurance providers.....	95%
Staff	
Total UR/case mgmt. employees on staff.....	125
Professionals.....	87
Includes: 10 physicians, 65 RNs, 10 licensed practical nurses, 2 medical record technicians	
UR/case mgmt. employees on retainer.....	105
Includes: 105 physicians	

Continued from previous page

Staff	
Total UR/case mgmt. employees on staff	165
Professionals	97
Includes: 14 physicians, 81 RNs, 2 licensed practical nurses	
UR/case mgmt. employees on retainer	170
Includes: 170 physicians	
Clients	
Total	2,358
Employer/group plans with direct service	2,152
Covered lives/reviewed admissions	
Employee benefit plan lives served	1,600,000
Workers compensation lives served	13,000,000
Acute care inpatient admissions reviewed	35,500
Diverted for outpatient treatment	
	6%

Services since: 1975.
Parent: Value Health Inc.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, outpatient service predetermination, referrals to alternative settings, written reports, professional bill review, disability management, maternity assessment.

Occasional services: Onsite case management, review of lab work, patient education, second surgical opinion, hospital bill audits, outpatient psychiatric and substance abuse services.

Medical services reviewed/managed: Group health, chiropractic, rehab, psychiatric/substance abuse, workers comp/disability, pediatric, physical therapy.

Branch offices: Phoenix; Long Beach, Calif.; Jackson, Miss.

Compensation: UR: \$1.50 per employee per month (group health); \$25 precertification, \$65 concurrent, \$90 retrospective (workers comp). Case management: \$96 per hour (workers comp), \$105 per hour (group health).

Officers: James Buncher, president/CEO; Blaine Faulkner, CFO; Shannon Johnston, senior vp/COO; Patrick Sullivan, senior vp-workers comp; Sandra Foote, senior vp-group health.

Comprehensive Medical Review

5160 Carroll Canyon Road, San Diego, Calif. 92121; 800-621-7533; fax: 619-535-8271

Utilization Review	
1995 revenues	
Total gross revenue	\$2,800,000
UR gross revenue	\$2,800,000
UR direct to employers	5%
Services to health care/insurance providers	95%
Staff	
Total UR employees on staff	41
Professionals	37
Includes: 2 physicians, 20 RNs	
UR employees on retainer	115
Includes: 115 physicians	
Clients	
Total	1,700
Employer/group plans with direct service	1
Covered lives/reviewed admissions	
Acute care inpatient admissions reviewed	3,500

Services since: 1985.
Frequent services: Retrospective review, hospital bill audits, review of lab work, written reports.

Occasional services: Concurrent hospital treatment review, second surgical opinion, telephone case management, referrals to alternative settings.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability.

Branch offices: Huntsville, Ala.; Los Angeles; Peoria, Ill.; Poughkeepsie, N.Y.; San Antonio; Seattle.

Compensation: \$125 per hour.
Officers: William J. Marvin, president; Daniel J. Adams, vp.

Consultants in Case Management Intervention

P.O. Box 377, New Boston Road, Franconia, N.H. 03043; 603-547-2245; fax: 603-547-2246

Case Management	
1995 revenues	
Case mgmt. direct to employers	25%
Services to health care/insurance providers	60%
Other services	15%
Staff	
Total case mgmt. employees on staff	5
Professionals	5
Includes: 5 RNs	
Case mgmt. employees on retainer	3
Clients	
Total	20
Employer/group plans with direct service	7
Covered lives/reviewed admissions	
Acute care inpatient admissions reviewed	1,000
Diverted for outpatient treatment	
	75%

Services since: 1989.
Frequent services: Concurrent hospital treatment review, discharge planning, onsite case management, patient education, free prescreening, referrals to alternative settings, written reports, care coordination, employee advocacy, program consultation/training.

Occasional services: Retrospective review, hospital bill audits, outpatient psychiatric and substance abuse services, telephone case management, review of lab work.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, chronic care.

Branch offices: Massachusetts, Maine.

Compensation: \$350 to \$3,000 per case; \$65 per hour; program consulting fee, \$85 to \$100 per hour.
Officers: Sandra L. Lowery, president.

CORE Inc.

18881 von Karman Ave., Suite 1750, Irvine, Calif. 92715; 714-442-2100; fax: 714-442-2101

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$25,000,000
Staff	
Total UR/case mgmt. employees on staff	312
Professionals	225
Includes: 50 physicians, 175 RNs	
UR/case mgmt. employees on retainer	250
Includes: 250 physicians	
Covered lives/reviewed admissions	
Employee benefit plan lives served	18,000,000
Acute care inpatient admissions reviewed	114,786

Services since: 1984.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports.

Occasional services: Review of lab work, patient education, second surgical opinion, hospital bill audits, free prescreening.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: Los Angeles; Boston and Burlington, Mass.

Compensation: Per employee per month; per case; per hour.
Officers: George Carpenter, CEO; Craig Horton, COO.
Contact: 714-442-2122.

Corporate Care Management

142 Corporate Drive, Binghamton, N.Y. 13904; 607-724-6520; fax: 607-722-1332

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	70%
Case mgmt. direct to employers	24%
Services to health care/insurance providers	1%
Other services	5%
Staff	
Total UR/case mgmt. employees on staff	27
Professionals	23
Includes: 1 physician, 20 RNs, 1 licensed practical nurse, 1 medical record technician	
UR/case mgmt. employees on retainer	17
Includes: 14 physicians	
Clients	
Total	37
Employer/group plans with direct service	35
Covered lives/reviewed admissions	
Employee benefit plan lives served	50,000
Workers compensation lives served	7,800
Acute care inpatient admissions reviewed	2,705
Diverted for outpatient treatment	
	9%

Services since: 1976.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, patient education, free prescreening, written reports, DRG validation, facility, fee and plan negotiation, prescription.

Occasional services: Second surgical opinion, hospital bill audits, onsite case management, review of lab work, referrals to alternative settings.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, prescription.

Officers: Patrick J. Kearse, president/CEO; Barbara S. Kane, vp/COO.
Contact: Ike A. Lovelass, marketing manager.

CorVel Corp.

1920 Main St., Suite 1090, Irvine, Calif. 92714; 714-851-1473; fax: 714-851-1469

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$107,000,000
UR gross revenue	\$8,000,000
Case mgmt. revenue	\$58,500,000
UR direct to employers	2%
Case mgmt. direct to employers	12%
Services to health care/insurance providers	48%
Other services	38%

Staff
Total UR/case mgmt. employees on staff: 950
Professionals: 800
Includes: 775 RNs, 25 licensed practical nurses
UR/case mgmt. employees on retainer: 175
Includes: 175 physicians

Clients
Total: 400
Employer/group plans with direct service: 55

Covered lives/reviewed admissions
Workers compensation lives served: 5,700,000
Acute care inpatient admissions reviewed: 10,954
Diverted for outpatient treatment: 3%

Services since: 1975.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, onsite and telephone case management, free prescreening, referrals to alternative settings, written reports, prospective channeling of injured workers to PPO providers, concurrent outpatient UR.

Occasional services: Outpatient psychiatric and substance abuse services.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, auto, first and third-party liability claims, physical therapy treatment, prescription, physical medicine, medical/surgical procedures.

Branch offices: 135 locations nationwide.

Compensation: UR: \$1.25 to \$1.85 per employee per month, \$110 to \$140 per case; case management: \$68 to \$72 per hour.

Officers: Gordon Clemons, president; Lou Silverman, vp-operations; Daniel Davis, vp-marketing; Richard Schweppe, CFO; Don McFarlane, vp-information technology.
Contact: Daniel Davis, 215-953-5060.

Cost Care Inc.

660 Newport Center Drive, Suite 600, Newport Beach, Calif. 92660; 800-451-0000 or 714-729-4500; fax: 714-729-4668

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$52,400,000
UR gross revenue	\$40,000,000
Case mgmt. revenue	\$10,000,000
UR direct to employers	67%
Case mgmt. direct to employers	17%
Services to health care/insurance providers	12%
Other services	4%
Staff	
Total UR/case mgmt. employees on staff	428
Professionals	428
Includes: 31 physicians, 268 RNs	
Clients	
Total	7,000
Covered lives/reviewed admissions	
Employee benefit plan lives served	5,000,000
Workers compensation lives served	77,555
Acute care inpatient admissions reviewed	195,357
Diverted for outpatient treatment	
	2%

Services since: 1981.
Parent: John Hancock Mutual Life Insurance Co.

URAC certified.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, review of lab work, patient education, free prescreening, referrals to alternative settings.

Occasional services: Onsite case management, written reports.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: Huntington Beach, Calif.; Atlanta; Hoffman Estates, Ill.; Wakefield, Mass.; Ridgefield, Miss.

Compensation: \$0.25 to \$1.70 per employee per month; \$120 per hour; percent of savings (audits).

Officers: Bob Vohs, president/CEO;

Cheryl Y. Perkins, senior vp-operations; Terry Booth, vp-marketing/sales; Dr. Alan R. Greenfield, vp-medical services/chief medical officer; John Webster, vp-MIS.

Crawford & Co.

5620 Glenridge Drive N.E., Atlanta, Ga. 30342; 404-256-0830; fax: 404-847-4028

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$607,577,000
UR gross revenue	\$21,234,000
Case mgmt. revenue	\$91,435,000
UR direct to employers	3%
Case mgmt. direct to employers	10%
Services to health care/insurance providers	6%
Other services	81%

Staff
Total UR/case mgmt. employees on staff: 460
Includes: 1 physician

Clients
Total: 175
Employer/group plans with direct service: 1,021

Covered lives/reviewed admissions
Employee benefit plan lives served: 332,450
Acute care inpatient admissions reviewed: 41,848
Diverted for outpatient treatment: 0.5%

Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, onsite and telephone case management, review of lab work, patient education, free prescreening, referrals to alternative settings, written reports.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, auto.

Officers: D.A. Smith, chairman/CEO; J.R. Bryant, president/COO-risk management; A.L. Meyers, president/COO-claims services; R.P. Albright, president/COO-disability management; G.L. Box, president/COO-international operations.

Contact: Rick Calhoun, national sales manager.

D

Nadine Derek

1290 Brandywine Road, Crown Point, Ind. 46307; 219-988-3858; fax: 219-988-3858

Case Management	
1995 revenues	
Total gross revenue	\$75,000
Case mgmt. revenue	\$75,000
Case mgmt. direct to employers	100%
Clients	
Total	4
Employer/group plans with direct service	2
Covered lives/reviewed admissions	
Workers compensation lives served	29
Acute care inpatient admissions reviewed	87
Diverted for outpatient treatment	
	20%

Services since: 1989.
Frequent services: Concurrent hospital treatment review, length of stay determination, discharge planning, second surgical opinion, onsite case management, patient education, written reports, deposition work.

Occasional services: Preadmission certification, retrospective review, hospital bill audits, outpatient psychiatric and substance abuse services, telephone case management, review of lab work, referrals to alternative settings.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, life care plans, traumatic brain injury.

Compensation: Per employee per month; per case; \$70 to \$120 per hour; fees negotiated on volume.

Officers: Nadine Derek, owner.

E

E.M. Associates

520 Columbia Drive, Johnson City, N.Y. 13790; 607-770-0070; fax: 607-770-8709

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	10%
Case mgmt. direct to employers	25%
Services to health care/insurance providers	25%
Other services	40%

Staff
Total UR/case mgmt. employees on staff: 31
Includes: 31 RNs

Clients
Total: 280
Employer/group plans with direct service: 50

Services since: 1979.
Parent: Ellis Enterprises.
Frequent services: Discharge planning, retrospective review, onsite and telephone case management, patient education, referrals to alternative settings, written reports.

Staff	
Total UR/case mgmt. employees on staff	13
Professionals	11
Includes: 1 physician, 8 RNs, 1 licensed practical nurse, 1 medical record technician	
UR/case mgmt. employees on retainer	16
Includes: 16 physicians	
Clients	
Total	40
Employer/group plans with direct service	7
Covered lives/reviewed admissions	
Employee benefit plan lives served	3,000
Workers compensation lives served	500
Acute care inpatient admissions reviewed	800
Diverted for outpatient treatment	
	5%

Services since: 1987.
Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, onsite and telephone case management, review of lab work, patient education, referrals to alternative settings, written reports.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: Buffalo, Rochester and Syracuse, N.Y.

Compensation: \$1.65 to \$2.50 per employee per month; \$60 to \$150 per hour.

Officers: K.A. Ernst, president; H. Holland, director-case management; S. Miller, director-utilization management; S. Outman, director-medical cost management.

Contact: S. Outman.

E-V Benefits Management Inc.

1900 E. Dublin-Granville Road, Suite 200A, Columbus, Ohio 43229-3515; 614-895-4001; fax: 614-895-4995

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$5,632,197
UR gross revenue	\$91,929
Case mgmt. revenue	\$47,548
UR direct to employers	2%
Case mgmt. direct to employers	1%
Other services	97%
Staff	
Total UR/case mgmt. employees on staff	2
UR/case mgmt. employees on retainer	4
Includes: 4 physicians	
Clients	
Total	17
Employer/group plans with direct service	15
Covered lives/reviewed admissions	
Employee benefit plan lives served	10,630
Acute care inpatient admissions reviewed	1,250

Services since: 1994.
Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, referrals to alternative settings, written reports.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, pediatric.

Compensation: \$1.25 to \$2.50 per employee per month.
Officers: James Eggert, chairman/CEO; Gary Van Arsdale, president/COO; Gregory Nickell, vp; Mark Ridenour, manager-network administration.

Contact: Francine Crider, manager-medical services/quality management.

Ellis & Associates Inc.

300 W. Grand, Suite 500, Chicago, Ill. 60610; 312-645-1214; fax: 312-645-0752

Case Management	
1995 revenues	
Total gross revenue	\$5,000,000
UR gross revenue	\$300,000
Case mgmt. revenue	\$4,700,000
UR direct to employers	1%
Case mgmt. direct to employers	15%
Services to health care/insurance providers	80%
Other services	4%
Staff	
Total UR/case mgmt. employees on staff	31
Includes: 31 RNs	
Clients	
Total	280
Employer/group plans with direct service	50

Continued from previous page

Occasional services: Concurrent hospital treatment review, length of stay determination, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, review of lab work.

Medical services reviewed/managed: Group health, psychiatric/substance abuse, workers comp/disability, long-term disability.

Branch offices: Chicago and Peoria, Ill.; Indianapolis; St. Louis; Appleton, La Crosse and Milwaukee, Wis.

Compensation: \$68 to \$85 per hour.
Officers: Cindy R. Ellis, president; Zola Van Deraa, secretary/treasurer.

Employee Benefit Management Services Inc.

P.O. Box 21367, Billings, Mont. 59104-1367; 406-245-3575; fax: 406-259-7871

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$3,702,000
UR gross revenue	\$275,485
Case mgmt. revenue	\$35,715
UR direct to employers	7.4%
Case mgmt. direct to employers	1%
Staff	
Total UR/case mgmt. employees on staff	4
Professionals	4
Includes: 4 RNs	
UR/case mgmt. employees on retainer	1
Includes: 1 physician	
Clients	
Total	88
Covered lives/reviewed admissions	
Employee benefit plan lives served	37,000
Acute care inpatient admissions reviewed	1,821
Diverted for outpatient treatment	0.08%

Services since: 1989.
Parent: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, outpatient service predetermination, onsite and telephone case management, patient education, referrals to alternative settings, written reports.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, pediatric.
Compensation: \$1.25 to \$1.50 per employee per month; \$75 to \$125 per hour; total service, \$2 per employee per month.
Officers: Frederick H. Larson, president; Nicki Larson, vp.
Contact: Rick Larson.

ENCOMPASS Health Management Systems

6000 Westown Parkway, Suite 350E, West Des Moines, Iowa 50266-7771; 515-223-2900; fax: 515-222-2407

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$22,000,000
UR gross revenue	\$10,500,000
Case mgmt. revenue	\$6,000,000
UR direct to employers	40%
Case mgmt. direct to employers	27%
Services to health care/insurance providers	7%
Other services	26%
Staff	
Total UR/case mgmt. employees on staff	195
Professionals	134
Includes: 4 physicians, 107 RNs, 4 licensed practical nurses, 1 medical record technician	
UR/case mgmt. employees on retainer	350
Includes: 350 physicians	
Clients	
Total	190
Employer/group plans with direct service	171
Covered lives/reviewed admissions	
Employee benefit plan lives served	4,300,000
Workers compensation lives served	1,200,000
Acute care inpatient admissions reviewed	178,000
Diverted for outpatient treatment	9%

Services since: 1975.
Parent: Iowa Foundation for Medical Care.
URAC certified.
Frequent services: Preadmission certification, concurrent hospital treatment review, discharge planning, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, patient education, free prescreening, referrals to alternative settings, written reports.

Occasional services: Length of stay determination, review of lab work.
Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, ambulatory case management, outpatient psychiatric/chemical dependency, home health, skilled nursing care.

Branch offices: Chicago, Baltimore; Minneapolis; Lincoln, Neb.
Compensation: \$1.65 to \$2.25 per employee per month; per case; \$85 to \$150 per hour.
Officers: Fred Ferree, executive vp; Kathy Fliehler, John Clark, Rebecca Hermann, Ronna Pochter, vps.
Contact: Kathy R. Fliehler, 515-223-2857.

Equifax Healthcare Administrative Services*
5001 Spring Valley Road, Suite 1000E, Dallas, Texas 75244; 214-789-6400; fax: 214-789-6412

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$40,000,000
UR gross revenue	\$2,000,000
Case mgmt. revenue	\$2,000,000
UR direct to employers	5%
Case mgmt. direct to employers	4%
Services to health care/insurance providers	1%
Other services	50%
Staff	
Total UR/case mgmt. employees on staff	52
Professionals	52
Includes: 4 physicians, 29 RNs, 9 licensed practical nurses	
Clients	
Employer/group plans with direct service	52
Covered lives/reviewed admissions	
Employee benefit plan lives served	418,345
Acute care inpatient admissions reviewed	21,180
Services since: 1984. Parent: Equifax Inc. URAC certified. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, referrals to alternative settings.	

Occasional services: Retrospective review, onsite case management, patient education, written reports.
Medical services reviewed/managed: Group health, psychiatric/substance abuse, workers comp/disability, pediatric.
Branch offices: Cedar Rapids, Iowa.
Compensation: Per employee per month; per case; per hour.
Officers: Charles E. Page, president; Mike Kenney, vp/COO; Tom Dubowski, vp/controller; Nancy Coleman, vp-healthcare administration; Sinclair Wright, vp-marketing.
Contact: Barbara Mercer, manager-marketing, 214-789-6444.
** Formerly Health Economics Corp.*

EXCEL Rehabilitation Consultants Inc.
P.O. Box 815848, Dallas, Texas 75381; 214-242-0901; fax: 214-242-9534

Case Management	
1995 revenues	
Case mgmt. direct to employers	75%
Services to health care/insurance providers	25%
Staff	
Professionals	4
Clients	
Total	11
Employer/group plans with direct service	4
Services since: 1990. Frequent services: Second surgical opinion, onsite and telephone case management, referrals to alternative settings, written reports, job analysis, job modification, cost containment. Occasional services: Concurrent hospital treatment review, discharge planning, retrospective review, patient education. Medical services reviewed/managed: Chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability. Compensation: \$65 per hour. Officers: Carol Franzen, president/secretary; Steve Klarer, treasurer. Contact: Carol Franzen.	

FARA Healthcare Management
2360 Fifth Ave., Mandeville, La. 70471; 504-624-8383; fax: 504-624-8489

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$13,200,000
UR gross revenue	\$700,000
Case mgmt. revenue	\$1,800,000
UR direct to employers	5%
Case mgmt. direct to employers	4%
Services to health care/insurance providers	10%
Other services	81%
Staff	
Total UR/case mgmt. employees on staff	6
Professionals	6
Includes: 6 RNs	
Clients	
Total	170
Employer/group plans with direct service	40
Covered lives/reviewed admissions	
Workers compensation lives served	110,000
Acute care inpatient admissions reviewed	108
Diverted for outpatient treatment	1%
Services since: 1992. Parent: F.A. Richard & Associates Inc. Frequent services: Preadmission	

certification, concurrent hospital treatment review, length of stay determination, second surgical opinion.
Occasional services: Discharge planning, onsite and telephone case management, review of lab work, retrospective review, hospital bill audits, outpatient psychiatric and substance abuse services, written reports.
Medical services reviewed/managed: Group health, chiropractic, psychiatric/substance abuse, workers comp/disability.
Branch offices: Baton Rouge, Lafayette, Metairie, Monroe, New Orleans and Shreveport, La.; Beaumont, Corpus Christi, Dallas and Houston, Texas; Norfolk, Va.
Compensation: \$69 to \$85 per hour.
Officers: Francis A. Richard, president; Todd Richard, executive vp; Reed A. Bell, senior vp.
Contact: Reed A. Bell.

Frontline Health Management Services
401 N. Executive Drive, Brookfield, Wis. 53008; 800-558-9296; fax: 414-797-2870

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	3%
Case mgmt. direct to employers	2%
Services to health care/insurance providers	90%
Other services	5%
Staff	
Total UR/case mgmt. employees on staff	12
Professionals	10
Includes: 2 physicians, 7 RNs	
Clients	
Total	21
Employer/group plans with direct service	2
Covered lives/reviewed admissions	
Employee benefit plan lives served	15,000
Acute care inpatient admissions reviewed	2,012
Diverted for outpatient treatment	20%
Services since: 1993. Parent: The Mutual Group. URAC certified. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports, HPR CodeReview Procedure Code Unbundling detection service bureau, PPO network management service. Occasional services: Review of lab work, patient education, free prescreening. Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, pediatric. Compensation: Per employee per month; per hour; by percentage of savings. Officers: Jim Smith, senior vp-finance. Contact: Patricia Nienow.	

Future Diagnostics Inc.
6380 Wilshire Blvd., Suite 900, Los Angeles, Calif. 90048; 800-659-0200; fax: 213-655-2147

Utilization Review	
1995 revenues	
UR direct to employers	10%
Services to health care/insurance providers	10%
Other services	80%
Staff	
Total UR employees on staff	5
Includes: 1 physician, 2 RNs, 2 medical record technicians	
UR employees on retainer	NA
Includes: 3 physicians	
Clients	
Total	65
Employer/group plans with direct service	20
Covered lives/reviewed admissions	
Lives served	1,000,000*
Services since: 1993. Frequent services: Outpatient radiology; precertification for diagnostic imaging and other radiological procedures; data management reports, including physician profiling, category of illness and utilization as exam. Medical services reviewed/managed: Group health, chiropractic, rehabilitation, workers comp/disability, pediatric. Compensation: Capitation; flat fee. Officers: Jaana Cohan, president; Gerald Graber, vp; Bronwyn Hand, director-operations; Joan Lang, vp-contracts; Helen White, director-UR; Dr. Michael Krane, medical director. Contact: Joan Lang, 800-659-0200. <i>* Figure includes both employee benefit and workers compensation lives served.</i>	

Gateway Health Management Services
19800 Detroit Road, Cleveland, Ohio 44116; 216-356-8212; fax: 216-356-0140

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	40%
Case mgmt. direct to employers	50%
Services to health care/insurance providers	10%
Staff	
Total UR/case mgmt. employees on staff	7
Professionals	5
Includes: 4 RNs, 1 licensed practical nurse	
UR/case mgmt. employees on retainer	12
Services since: 1986. Parent: North American Benefits Network. URAC certified. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, retrospective review, outpatient service predetermination, referrals to alternative settings, written reports. Occasional services: Review of lab work, second surgical opinion, hospital bill audits, outpatient psychiatric and substance abuse services. Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, pediatric. Compensation: Per hour. Officers: Donald T. Baker, president/CEO; Martha Was, Joseph Ceccacci, senior vps; Mary Morgan, vp-finance. Contact: Donnamarie Ugan, 216-356-8244.	

General American Life Insurance Co.
13045 Tesson Ferry Road, St. Louis, Mo. 63128; 800-445-2336; fax: 314-525-5718

Utilization Review/Case Management	
1995 revenues	
UR gross revenue	\$7,000,000
Case mgmt. revenue	\$2,000,000
UR/case mgmt. direct to employers	95%
Services to health care/insurance providers	5%
Staff	
Total UR/case mgmt. employees on staff	60
Professionals	33
Includes: 1 physician, 32 RNs	
Clients	
Employer/group plans with direct service	2,000
Covered lives/reviewed admissions	
Employee benefit plan lives served	540,000
Acute care inpatient admissions reviewed	38,425
Diverted for outpatient treatment	5%
Services since: 1985. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, patient education, outpatient psychiatric and substance abuse services, written reports. Occasional services: Retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, referrals to alternative settings. Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, pediatric. Branch offices: Atlanta; Chicago; Columbus, Ohio; Dallas. Compensation: \$2.19 to \$3 per employee per month. Officers: Richard Liddy, CEO; Warren Winer, executive vp-group operation; Ben Wolzenski, executive vp-industrial operations; Leonard Rubenstein, executive vp-investments; Robert Banstetter, executive vp-law department.	

GENEX Services Inc.
735 Chesterbrook Blvd., Suite 200, Wayne, Pa. 19087; 610-993-2800; fax: 610-993-2819

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	4%
Case mgmt. direct to employers	4%
Services to health care/insurance providers	69%
Other services	23%
Staff	
Total UR/case mgmt. employees on staff	1,027
Professionals	773
Includes: 1 physician, 589 RNs, 183 medical record technicians	

Continued on next page

Staff
Total UR/case mgmt. employees on staff314
Professionals276
Includes: 4 physicians, 32 RNs

Clients
Total27
Employer/group plans with direct service21

Covered lives/reviewed admissions
Employee benefit plan lives served3,000,000
Acute care inpatient admissions reviewed70,792
Diverted for outpatient treatment5%

Services since: 1989.
Parent: FHC Health Systems.
URAC certified.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, review of lab work, patient education, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, psychiatric consulting, preauthorized psychiatric testing, psychiatric home health.

Occasional services: Onsite case management, retrospective review, free prescreening, written reports.
Medical services reviewed/managed: Rehabilitation, psychiatric/substance abuse.
Branch offices: Pueblo, Colo.; Omaha, Neb.; Chattanooga, Tenn.; Norfolk, Va.
Officers: Ronald I. Dozoretz, president; Judith H. Browne, vp; William Tausig, treasurer; Gloria Nuss, secretary.
Contact: Cindy Jay, director-communications.

FPM Behavioral Health Inc.
1276 Minnesota Ave., Winter Park, Fla. 32789; 407-647-6153; fax: 407-647-0668

Utilization Review/Case Management	
1995 revenues	
UR/case mgmt. direct to employers	50%
Services to health care/insurance providers	40%
Other services	10%
Staff	
Total UR/case mgmt. employees on staff	13
Professionals	8
Includes: 3 physicians, 5 RNs	
Clients	
Total	37
Employer/group plans with direct service	24
Covered lives/reviewed admissions	
Employee benefit plan lives served	728,000
Acute care inpatient admissions reviewed	2,241
Diverted for outpatient treatment	20%
Services since: 1987. Parent: Ramsay Managed Care Inc. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings. Occasional services: Onsite case management, patient education, retrospective review, written reports. Medical services reviewed/managed: Psychiatric/substance abuse. Branch offices: Phoenix; Honolulu; Charlotte, N.C.; Oklahoma City; Morgantown, W.Va. Compensation: Per employee per month; per case. Officers: Dr. Martin Lazoritz, president/CEO; Dr. Robert W. Pollack, medical director; I. Paul Mandelkern, Gordon Steinhauer, senior vps; Dexter Simanton, vp. Contact: I. Paul Mandelkern.	

Utilization Review/Case Management
1995 revenues
UR/case mgmt. direct to employers50%
Services to health care/insurance providers40%
Other services10%

Staff
Total UR/case mgmt. employees on staff13
Professionals8
Includes: 3 physicians, 5 RNs

Clients
Total37
Employer/group plans with direct service24

Covered lives/reviewed admissions
Employee benefit plan lives served728,000
Acute care inpatient admissions reviewed2,241
Diverted for outpatient treatment20%

Services since: 1987.
Parent: Ramsay Managed Care Inc.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings.
Occasional services: Onsite case management, patient education, retrospective review, written reports.
Medical services reviewed/managed: Psychiatric/substance abuse.
Branch offices: Phoenix; Honolulu; Charlotte, N.C.; Oklahoma City; Morgantown, W.Va.
Compensation: Per employee per month; per case.
Officers: Dr. Martin Lazoritz, president/CEO; Dr. Robert W. Pollack, medical director; I. Paul Mandelkern, Gordon Steinhauer, senior vps; Dexter Simanton, vp.
Contact: I. Paul Mandelkern.

FARA Healthcare Management
2360 Fifth Ave., Mandeville, La. 70471; 504-624-8383; fax: 504-624-8489

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$13,200,000
UR gross revenue	\$700,000
Case mgmt. revenue	\$1,800,000
UR direct to employers	5%
Case mgmt. direct to employers	4%
Services to health care/insurance providers	10%
Other services	81%
Staff	
Total UR/case mgmt. employees on staff	6
Professionals	6
Includes: 6 RNs	
Clients	
Total	170
Employer/group plans with direct service	40
Covered lives/reviewed admissions	
Workers compensation lives served	110,000
Acute care inpatient admissions reviewed	108
Diverted for outpatient treatment	1%
Services since: 1992. Parent: F.A. Richard & Associates Inc. Frequent services: Preadmission	

certification, concurrent hospital treatment review, length of stay determination, second surgical opinion.
Occasional services: Discharge planning, onsite and telephone case management, review of lab work, retrospective review, hospital bill audits, outpatient psychiatric and substance abuse services, written reports.
Medical services reviewed/managed: Group health, chiropractic, psychiatric/substance abuse, workers comp/disability.
Branch offices: Baton Rouge, Lafayette, Metairie, Monroe, New Orleans and Shreveport, La.; Beaumont, Corpus Christi, Dallas and Houston, Texas; Norfolk, Va.
Compensation: \$69 to \$85 per hour.
Officers: Francis A. Richard, president; Todd Richard, executive vp; Reed A. Bell, senior vp.
Contact: Reed A. Bell.

Frontline Health Management Services
401 N. Executive Drive, Brookfield, Wis. 53008; 800-558-9296; fax: 414-797-2870

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	3%
Case mgmt. direct to employers	2%
Services to health care/insurance providers	90%
Other services	5%
Staff	
Total UR/case mgmt. employees on staff	12
Professionals	10
Includes: 2 physicians, 7 RNs	
Clients	
Total	21
Employer/group plans with direct service	2
Covered lives/reviewed admissions	
Employee benefit plan lives served	15,000
Acute care inpatient admissions reviewed	2,012
Diverted for outpatient treatment	20%
Services since: 1993. Parent: The Mutual Group. URAC certified. Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports, HPR CodeReview Procedure Code Unbundling detection service bureau, PPO network management service. Occasional services: Review of lab work, patient education, free prescreening. Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, pediatric. Compensation: Per employee per month; per hour; by percentage of savings. Officers: Jim Smith, senior vp-finance. Contact: Patricia Nienow.	

Future Diagnostics Inc.
6380 Wilshire Blvd., Suite 900, Los Angeles, Calif. 90048; 800-659-0200; fax: 213-655-2147

Utilization Review	
1995 revenues	
UR direct to employers	

Continued from previous page

Clients	
Total	850
Employer/group plans with direct service	150

Parent: First Data Corp.

URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, patient education, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports, workers comp vocational case manage-

ment services, disability management, social security disability income advocacy.

Occasional services: Hospital bill audits.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: 130 locations nationwide.

Officers: Peter Madeja, president/CEO; Edward McBurnie, senior vp-sales/marketing; Delphia Frisch, senior vp-operations; Marie Beppel, vp-human resources; Jeff Pierce, vp-information systems; Lawrence Palmer, CFO.

Contact: Mary Kay Dunne, director- utilization management services; Betsy Robinson, director-integrated services.

Great-West Life & Annuity Insurance Co.

8505 E. Orchard Road, Englewood, Colo. 80111; 800-537-2033; fax: 303-689-4889

Utilization Review/Case Management	
Staff	
Total UR/case mgmt. employees on staff	79
Professionals	70
Includes: 2 physicians, 68 RNs	
UR/case mgmt. employees on retainer	23
Includes: 23 physicians	
Clients	
Employer/group plans with direct service	5,506
Covered lives/reviewed admissions	
Employee benefit plan lives served	643,064
Acute care inpatient admissions reviewed	74,550
Diverted for outpatient treatment	2%

Services since: 1985.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, referrals to alternative settings, written reports.

Occasional services: Second surgical opinion, onsite case management, review of lab work, patient education.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, pediatric.

Officers: William McCallum, president/CEO; Alan MacLennan, executive vp; James Motz, senior vp; Marty Rosenbaum, vp.

Green Spring Health Services Inc.

5565 Sterrett Place, Suite 500, Columbia, Md. 21044; 800-458-2740; fax: 410-740-8573

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$205,000,000
UR gross revenue	\$59,000,000
Case mgmt. revenue	\$139,000,000
UR direct to employers	0.5%
Case mgmt. direct to employers	2.3%
Services to health care/insurance providers	93.4%
Other services	3.8%
Staff	
Total UR/case mgmt. employees on staff	177
Professionals	89
Includes: 25 physicians, 35 RNs, 29 medical record technicians	
UR/case mgmt. employees on retainer	167
Includes: 167 physicians	
Clients	
Total	25
Employer/group plans with direct service	18
Covered lives/reviewed admissions	
Employee benefit plan lives served	12,444,000
Acute care inpatient admissions reviewed	53,271

Services since: 1989.

Parent: Magellan Health Services.

URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings.

Occasional services: Onsite case management, review of lab work, patient education, written reports.

Medical services reviewed/managed: Psychiatric/substance abuse.

Branch offices: Atlanta; Chicago; Portland, Maine; Columbia, Md.; Lansing, Mich.; Parsippany, N.J.; Cincinnati; Philadelphia; Pittsburgh; Providence, R.I.; Chattanooga and Nashville, Tenn.; Richmond, Va.; Tacoma, Wash.

Officers: Dr. Henry T. Harbin, president/CEO; Charles S. Kanach, executive vp; Dr. Jonathan Book, senior vp/chief medical officer; Joyce Fitch, senior vp/general counsel; Charles Kiskaden, senior vp/chief marketing officer; Clarissa Marques, senior vp/chief clinical officer.

Contact: Chuck Kiskaden, senior vp/chief marketing officer.

treatment review, length of stay determination, discharge planning, onsite case management, patient education, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, free prescreening, written reports, work hardening, work conditioning, ADA review.

Occasional services: Telephone case management, review of lab work, outpatient psychiatric and substance abuse services, referrals to alternative settings.

Medical services reviewed/managed: Dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, physical therapy.

Branch offices: Orlando, Fla.; Atlanta; Lafayette and New Orleans, La.; Minneapolis; Dallas, El Paso, Houston and San Antonio, Texas.

Compensation: \$65 to \$165 per case; \$65 to \$75 per hour; physician, \$170 to \$400 per hour.

Officers: Ron Luke, CEO; Larry Mattingly, president; Dr. Wil Grimes, vp-medical affairs; Margaret Small, vp-operations; Brooke Dennis, vp-case management.

Contact: Julia Taylor, marketing manager.

HHS Inc.

5363 44th St. S.E., Grand Rapids, Mich. 49512; 616-956-9440; fax: 616-956-6843

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$2,102,329
UR gross revenue	\$1,976,189
Case mgmt. revenue	\$126,140
UR direct to employers	94%
Case mgmt. direct to employers	6%
Staff	
Total UR/case mgmt. employees on staff	15
Professionals	15
Includes: 1 physician, 13 RNs, 1 medical record technician	
Clients	
Total	321
Employer/group plans with direct service	321
Covered lives/reviewed admissions	
Employee benefit plan lives served	172,500
Acute care inpatient admissions reviewed	11,223
Diverted for outpatient treatment	6%

Services since: 1985.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, patient education, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports.

Occasional services: Review of lab work, retrospective review, second surgical opinion, hospital bill audits, free prescreening.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, prescription.

Compensation: \$0.35 to \$1.80 per employee per month; \$300 per case; \$65 to \$165 per hour.

Officers: David Cuneo, president; Denise Zoeterman, executive vp; Moni Evans-Smith, director-health management; Bill Jones, director-finance; Richard Hodsdon Jr., director-customer relations.

Health Care Evaluation Inc.

6702 N. Inglewood Ave., Suite G, Stockton, Calif. 95207; 209-951-6711; fax: 209-951-2731

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$2,722,210
UR gross revenue	\$2,019,926
Case mgmt. revenue	\$671,250
UR direct to employers	63%
Case mgmt. direct to employers	25%
Services to health care/insurance providers	11%
Other services	1%
Staff	
Total UR/case mgmt. employees on staff	43
Professionals	43
Includes: 2 physicians, 20 RNs, 7 licensed practical nurses, 14 medical record technicians	
UR/case mgmt. employees on retainer	232
Includes: 232 physicians	
Clients	
Total	57
Employer/group plans with direct service	56
Covered lives/reviewed admissions	
Employee benefit plan lives served	409,184
Workers compensation lives served	23,437
Acute care inpatient admissions reviewed	25,927
Diverted for outpatient treatment	14%
Services since: 1968.	
URAC certified.	
Frequent services: Preadmission certification, concurrent hospital	

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Issue of February 19

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Issue Date: FEBRUARY 19, 1996
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 - G Ins Broker
 - H Ins/Reins Co
 - I Consultant
 - J Actry/Attorney
 - K Adj/Apprs
 - L TPA
 - M Health care
 - N Other

2. Number of employees:
- 1 150 or less
 - 2 151 - 499
 - 3 500 - 999
 - 4 1,000 - 4,999
 - 5 5,000 or more
 - 6 Unknown

3. My title is best defined as:
- A Administrative Mgt
 - B Financial Mgt
 - C Risk Mgt
 - D Benefits Mgt
 - E Loss Prevention Mgt
 - F Other

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HBM Inc. (Forte Inc.)

7600 Chevy Chase Drive, Suite 500, Austin, Texas 78752; 800-580-4567; fax: 800-580-3123

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	15%
Case mgmt. direct to employers	5%
Services to health care/insurance providers	30%
Other services	50%
Staff	
Total UR/case mgmt. employees on staff	56
Professionals	45
Includes: 3 physicians, 30 RNs, 12 licensed practical nurses	
UR/case mgmt. employees on retainer	108
Includes: 95 physicians	
Clients	
Total	100
Employer/group plans with direct service	28
Covered lives/reviewed admissions	
Workers compensation lives served	22,000
Acute care inpatient admissions reviewed	2,500
Diverted for outpatient treatment	5%
Services since: 1986.	
Parent: Ronald Luke & Associates.	
Frequent services: Preadmission certification, concurrent hospital	

Continued from previous page
 treatment review, length of stay determination, discharge planning, telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings, written reports, high risk pregnancy screening, claims reviews.

Occasional services: Onsite case management.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, skilled nursing facility review.

Branch offices: Bakersfield, Fresno, Sacramento and San Francisco, Calif.

Compensation: \$1 to \$2.50 per employee per month; \$45 to \$100 per case; \$60 to \$100 per hour.

Officers: Bernice Wahler, president; Dr. George Williams, vp; Dr. John Kellar, secretary/medical director; Paul Wandel, CFO; Jeff Roby, executive director.

Contact: Jackie Grove, director-client services.

Health Care Review Inc.

18587 Sigma Road, Suite 200, San Antonio, Texas 78258; 210-490-9008; fax: 210-490-4948

Utilization Review/Case Management

Staff
Total UR/case mgmt. employees on staff13
Includes: 1 physician, 2 RNs, 3 licensed practical nurses, 4 medical record technicians
UR/case mgmt. employees on retainerNA
Includes: 180 physicians, 30 nurses

Clients
Total16

Services since: 1985.

Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, review of lab work, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings, written reports.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, work-

ers comp/disability.

Compensation: \$0.65 to \$1.50 per employee per month; \$65 per hour.

Officers: Robert D. Brown, CEO; Isaac Martinez, vp-medical reviews; Margaret Morrell, vp-administration; Maureen Brown, CFO.

Contact: Maureen Brown.

Health Cost Consultants Inc.

1945 Old Gallows Road, Suite 350, Vienna, Va. 22182; 703-883-0213; fax: 703-883-0217

Utilization Review/Case Management

1995 revenues
Total gross revenue.....\$148,000,000
UR/case mgmt. direct to employers20%
Services to health care/insurance providers60%
Other services20%

Staff
Total UR/case mgmt. employees on staff37
Professionals37
Includes: 5 physicians, 24 RNs, 1 licensed practical nurse, 7 medical record technicians
UR/case mgmt. employees on retainer146
Includes: 146 physicians

Clients
Total75

Employer/group plans with direct service7

Covered lives/reviewed admissions

Employee benefit plan lives served365,000
Workers compensation lives served38,000
Acute care inpatient admissions reviewed28,300
Diverted for outpatient treatment2.3%

Services since: 1983.

Parent: PHP Healthcare Corp. **URAC certified.**

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, patient education, referrals to alternative settings, written reports, medical chart consulting.

Occasional services: Hospital bill audits, onsite case management, review of lab work.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, high-risk maternity.

Branch offices: Plantation, Fla; Chicago.

Compensation: Per employee per month; per case; per hour.

Officers: Debbie Scheff, president; Sally-Ann Polson, senior vp; Dr. Tracy Goessel, medical director.

Contact: Carolyn Smith or Jordan Misner, marketing managers.

Health Design Plus

1891 Georgetown Road, Suite B, Hudson, Ohio 44236; 216-655-5515; fax: 216-656-9387

Utilization Review/Case Management

1995 revenues
Total gross revenue.....\$1,100,000
UR gross revenue\$946,000
Case mgmt. revenue\$51,000
UR direct to employers85.6%
Case mgmt. direct to employers4.2%
Services to health care/insurance providers0.4%
Other services9.8%

Staff
Total UR/case mgmt. employees on staff11
Professionals10
Includes: 10 RNs
UR/case mgmt. employees on retainer1
Includes: 1 physician

Clients
Total25
Employer/group plans with direct service24

Covered lives/reviewed admissions

Employee benefit plan lives served25,000
Acute care inpatient admissions reviewed2,374
Diverted for outpatient treatment10%

Services since: 1989.

Frequent services: Preadmission certification, concurrent hospital treatment review, discharge planning, telephone case management, patient education, outpatient service predetermination, referrals to alternative settings, written reports.

Occasional services: Onsite case management, review of lab work, retrospective review, second surgical opinion, outpatient psychiatric and substance abuse services, free prescreening, disease management, transplant management, maternity program.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, pediatric, home/ancillary care, durable medical equipment discounts.

Compensation: \$3.50 to \$4.41 per employee per month; \$250 per case for maternity program; \$95 to \$175 per hour; 30% discount on home/ancillary services, 33% discount on claims review savings.

Officers: M. Ruth Coleman, president; Connie Jones, director-managed care; Norman Kozokoff, medical director; George Mitchell, director-marketing/sales; David Lang, controller.

Contact: Deborah V. Warner, technical sales manager, 216-656-4392.

Health Direct

1011 E. Touhy Ave., Suite 500, Des Plaines, Ill. 60018-2808; 847-391-9500; fax: 847-390-7715

Utilization Review/Case Management

1995 revenues
UR direct to employers4%
Case mgmt. direct to employers3%
Services to health care/insurance providers2%
Other services91%

Staff
Total UR/case mgmt. employees on staff23
Professionals23
Includes: 4 physicians, 17 RNs, 1 licensed practical nurse, 1 medical record technician

Clients
Total88
Employer/group plans with direct service82

Covered lives/reviewed admissions
Employee benefit plan lives served700,000
Acute care inpatient admissions reviewed9,168

Services since: 1980.

Parent: Advocate Health Care. **URAC certified.**

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports, high-risk maternity screening, surgical case review, special case review, medical info help line.

Occasional services: Onsite case management, hospital bill audits, free prescreening.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, podiatric.

Compensation: \$1.70 to \$2.50 per employee per month; \$50 to \$150 per case;

Continued on next page

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Continued from previous page
\$115 to \$135 per hour; percentage of savings; risk sharing.

Officers: Charles Stark, president/CEO; Jennifer Cline, COO; Kerry Finnegan, Les Preuss, Jay Gore, vps.

Health International Inc.

1840 Century Park E., Suite 770, Los Angeles, Calif. 90067; 800-333-3760; fax: 602-948-2523

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$12,000,000
UR/case mgmt. gross revenue	\$12,000,000
UR/case mgmt. direct to employers	100%
Staff	
Total UR/case mgmt. employees on staff	127
Professionals	97
Includes: 5 physicians, 92 RNs	
UR/case mgmt. employees on retainer	18
Includes: 18 physicians	
Clients	
Employer/group plans with direct service	118
Covered lives/reviewed admissions	
Employee benefit plan lives served	505,318
Workers compensation lives served	144,000
Acute care inpatient admissions reviewed	NA
Diverted for outpatient treatment	50%

Services since: 1987.
URAC certified.

Frequent services: Preadmission certification; concurrent hospital treatment review; length of stay determination; discharge planning; telephone case management; review of lab work; patient education; outpatient service predetermination; outpatient psychiatric and substance abuse services; referrals to alternative settings; written reports; high-risk maternity screening; online access to performance statistics; prospective large case management; claims analysis.

Occasional services: Onsite case management, retrospective review, second surgical opinion.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: Scottsdale, Ariz.
Compensation: Per employee per month.

Officers: Dr. Donald K. Kelly, chairman/CEO; Suzanne D. Kelly, vice chairman; Michael C. Peerboom, president; Dr. Kenneth R. Roepke, vp/chief medical officer; Ronald L. Eggleston, vp-medical administration.

Contact: Michael C. Peerboom.

Health Management Corp.

P.O. Box 26016, Richmond, Va. 23260; 800-523-9279; fax: 804-289-5047

Case Management	
1995 revenues	
Case mgmt. direct to employers	50%
Services to health care/insurance providers	50%
Staff	
Total case mgmt. employees on staff	50

Services since: 1983.

Frequent services: Onsite and telephone case management, patient education, written reports.

Medical services reviewed/managed: Maternity, chronic.

Branch offices: St. Louis, Mich.; Glen Rock, N.J.; Ben Salem, Pa.

Compensation: Per employee per month; per case; per hour.

Officers: Marcia Rowan, president; Rhona Day, director-operations.

Contact: Roberta Beazley.

Health Resource Ltd.

P.O. Box 246, Pittsfield, Maine 04967; 207-487-5135; fax: 207-487-2496

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	45%
Case mgmt. direct to employers	40%
Services to health care/insurance providers	10%
Other services	5%
Staff	
Total UR/case mgmt. employees on staff	15
Professionals	14
Includes: 13 RNs, 1 licensed practical nurse	
UR/case mgmt. employees on retainer	1
Includes: 1 physician	
Clients	
Total	32
Employer/group plans with direct service	27

Services since: 1983.

Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, hospital bill au-

dition, outpatient service predetermination, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings, written reports, patient advocacy and support, demand management, quality assurance reviews, health plans.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: Portland, Maine.

Compensation: Per employee per month; per case; per hour.

Officers: Myles Hutchins, vp-case management/auditing services; Mary Orloski, vp-UR services.

Health Risk Management Inc. (HRM)

8000 W. 78th St., Minneapolis, Minn. 55539; 800-824-3882; fax: 612-829-3718

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$49,300,000
UR gross revenue	\$21,600,000
Case mgmt. revenue	\$5,400,000

UR direct to employers	23%
Case mgmt. direct to employers	11%
Services to health care/insurance providers	10%
Other services	56%

Staff	
Total UR/case mgmt. employees on staff	173
Professionals	173
Includes: 2 physicians, 110 RNs, 7 licensed practical nurses	
UR/case mgmt. employees on retainer	24
Includes: 24 physicians	

Clients	
Total	143
Employer/group plans with direct service	106

Covered lives/reviewed admissions	
Employee benefit plan lives served	1,700,000
Workers compensation lives served	28,000
Acute care inpatient admissions reviewed	75,000
Diverted for outpatient treatment	1.4%

Services since: 1984.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermina-

tion, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports.

Occasional services: Onsite case management.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, maternity, occupational therapy, physical therapy, speech therapy.

Compensation: Per employee per month; per case; per hour.

Officers: Dr. Gary McIlroy, CEO; Marlene Travis, COO; Thomas Clark, CFO; Charles Bredesen, president-managed care division; Charles Holland III, president-HRM Claim Management.

Health Service Review Inc.

6730 Roosevelt, Franklin, Ohio 45005; 800-334-6468; fax: 513-422-1281

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	70%
Case mgmt. direct to employers	22%
Services to health care/insurance providers	2%
Other services	6%

Staff	
Total UR/case mgmt. employees on staff	24
Professionals	16
Includes: 16 RNs	
UR/case mgmt. employees on retainer	24
Includes: 22 physicians, 2 nurses	
Clients	
Total	3
Employer/group plans with direct service	112
Covered lives/reviewed admissions	
Employee benefit plan lives served	114,000
Workers compensation lives served	3,000
Acute care inpatient admissions reviewed	7,200
Diverted for outpatient treatment	1%
Services since: 1983.	
Services: Preadmission certification concurrent hospital treatment review length of stay determination, discharge planning, onsite and telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports, DRG validation.	

Continued on next page

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1995 DIRECTORIES

Issue Date	Directory
Feb 6	Third-Party Administrators
Feb 20	Utilization Review Providers & Case Managers
Mar 6	Benefit Information & Claims Systems
Mar 20	Risk Management Consultants
Apr 3	Prescription Benefit Managers
Apr 24	Captive Managers
May 29	Alternative Facilities
Jun 12	Property Loss Control Consultants
Jun 26	EAPs & Mental Health Networks
Jul 17	Agents & Brokers
Jul 31	Dependent Care Resource & Referral Services
Aug 14	401(k) Plan Administrators
Aug 28	Leading Reinsurers Worldwide
Sep 11	Surplus Lines Insurers & Wholesalers
Oct 2	Environmental Risk Management Consultants
Oct 9	Safety Consultants & Rehabilitation Services
Oct 23	Reinsurance Brokers
Nov 6	International Insurers & Benefit Networks
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Issue Date	Directory
Feb 5	Third-Party Administrators
Feb 19	Utilization Review Providers & Case Managers
Mar 4	Risk Management Consultants
Mar 18	Benefit Information & Claims Systems
Apr 22	Captive Managers
May 20	401(k) Plan Administrators
Jun 3	Alternative Risk Financing Facilities
Jun 24	EAPs & Dependent Care Resource and Referral Services
Jul 22	Agents & Brokers
Aug 5	Prescription Benefit Managers
Aug 19	Property Loss Control Consultants
Sep 2	Leading Reinsurers Worldwide
Sep 16	Surplus Lines Insurers & Wholesalers
Oct 14	Reinsurance Brokers
Oct 28	Benefit Communication Systems
Nov 4	Safety Consultants & Rehabilitation Services
Nov 11	Environmental Risk Management Consultants
Nov 18	International Insurers & Benefit Networks
Dec 2	Risk Management Information Systems
Dec 9	Employee Benefit Consultants
Dec '96	Managed Care Providers—HMOs & PPOs

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Continued from previous page

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Compensation: Per employee per month; per case; per hour.

Officers: Thomas L. Wiley, CEO/president; Karen L. Mehl, Donald J. Barker, vps.

Contact: Donald J. Barker.

Health Services Advisory Group Inc.

301 E. Bethany Home Road, Suite 157-B, Phoenix, Ariz. 85012; 602-264-6382; fax: 602-241-0757

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$4,196,497
UR/case mgmt. gross revenue.....	\$1,729,021
UR/case mgmt. direct to employers.....	3%
Services to health care/insurance providers.....	38%
Other services.....	59%

Staff	
Total UR/case mgmt. employees on staff.....	8
Professionals.....	7
Includes: 1 physician, 6 RNs	
UR/case mgmt. employees on retainer.....	NA
Includes: 175 physicians	

Clients	
Total.....	23
Employer/group plans with direct service.....	15

Covered lives/reviewed admissions	
Employee benefit plan lives served.....	10,580
Acute care inpatient admissions reviewed.....	5,000
Diverted for outpatient treatment.....	4%

Services since: 1982.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, patient education, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports.

Occasional services: Review of lab work, retrospective review, hospital bill audits, free prescreening.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, podiatric, durable medical equipment, prescription, skilled nursing facility, physician office visits, diagnostic tests, home health services.

Compensation: \$0.80 to \$2.15 per employee per month; \$98 per case; \$35 to \$200 per hour; hourly, sliding scale.

Officers: Dr. Lawrence J. Shapiro, president/CEO; Dr. Herbert S. Rigberg, medical director; Nadine J. Harris, COO; Paula L. Hann, CFO; Mary Ellen Dalton, director-private review.

Contact: Mary Ellen Dalton.

Health Value Management Inc.

500 W. Main St., Fifth Floor, Louisville, Ky. 40202; 800-732-3333; fax: 502-580-3555

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$12,000,000
UR gross revenue.....	\$10,000,000
Case mgmt. revenue.....	\$2,000,000
UR direct to employers.....	20%
Case mgmt. direct to employers.....	5%
Services to health care/insurance providers.....	75%

Staff	
Total UR/case mgmt. employees on staff.....	212
Professionals.....	87
Includes: 9 physicians, 50 RNs, 28 licensed practical nurses	
UR/case mgmt. employees on retainer.....	108
Includes: 108 physicians	

Covered lives/reviewed admissions	
Employee benefit plan lives served.....	1,800,000
Workers compensation lives served.....	150,000
Acute care inpatient admissions reviewed.....	300,000

Services since: 1992.
Parent: Humana Inc.

Frequent services: Preadmission certification, concurrent hospital treatment review, discharge planning, retrospective review, outpatient service predetermination, outpatient psychiatric and substance abuse services, telephone case management, referrals to alternative settings.

Occasional services: Length of stay determination, review of lab work, patient education, written reports.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, HMO after hours triage support.

Compensation: Per employee per month; per case; per hour.

Officers: Dr. Ron Lankford, senior vp; Kathryn King, director-preadmission; Dr. Jim Maroc, director-surgical prior authorization; Dr. Bill Runyon, director-case management; Sue Mattingly, director-transplant management.

Contact: Dr. Ron Lankford.

Healthcare Advantage Inc.

829 St. Charles Ave., New Orleans, La. 70130; 800-880-4465 or 504-568-9009; fax: 504-568-0301

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$11,210,000
UR gross revenue.....	\$4,800,000
Case mgmt. revenue.....	\$43,000
UR direct to employers.....	43%
Case mgmt. direct to employers.....	1%
Services to health care/insurance providers.....	1%
Other services.....	55%

Staff	
Total UR/case mgmt. employees on staff.....	31
Professionals.....	18
Includes: 1 physician, 10 RNs, 1 licensed practical nurse, 6 medical record technicians	
UR/case mgmt. employees on retainer.....	13
Includes: 13 physicians	

Clients	
Total.....	116
Employer/group plans with direct service.....	116

Covered lives/reviewed admissions	
Employee benefit plan lives served.....	147,000
Workers compensation lives served.....	40,000
Acute care inpatient admissions reviewed.....	3,412
Diverted for outpatient treatment.....	5%

Services since: 1989.
Parent: Touro Infirmary, Franciscan Missionaries of Our Lady.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, review of lab work, retrospective review, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports.

Occasional services: Onsite case management, patient education, second surgical opinion, hospital bill audits.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: Baton Rouge, La.; Jackson, Miss.

Compensation: \$1.15 to \$1.35 per employee per month; \$100 to \$125 per hour.

Officers: Gary Stein, chairman; Jane Cooper, president; Paul Rosenblum, secretary; Howard Harvill, treasurer.

HealthDIRECT Inc. (HDI)

74 Scott Swamp Road, Farmington, Conn. 06032; 860-677-2331; fax: 860-674-1953

Utilization Review/Case Management	
1995 revenues	
UR direct to employers.....	1%
Case mgmt. direct to employers.....	1%
Services to health care/insurance providers.....	74%
Other services.....	24%

Staff	
Total UR/case mgmt. employees on staff.....	24
Professionals.....	12
Includes: 12 RNs	
UR/case mgmt. employees on retainer.....	0.7
Includes: 0.6 physician, 0.1 nurse	

Clients	
Total.....	7

Covered lives/reviewed admissions	
Workers compensation lives served.....	72,000

Services since: 1992.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, patient education, retrospective review, second surgical opinion, outpatient service predetermination, written reports, return to work/transitional work plans.

Occasional services: Onsite case management, hospital bill audits, referrals to alternative settings.

Medical services reviewed/managed: Chiropractic, rehabilitation, workers comp/disability, physical therapy, occupational therapy.

Compensation: Per employee per month, per case, per hour.

Officers: Jack Reed, president/CEO; Louis Mangano, senior vp/COO; K. Dennis Tarvin, senior vp-sales/marketing.

Contact: K. Dennis Tarvin.

HealthNetwork Inc.

1420 Kensington Road, Suite 203, Oak Brook, Ill. 60521; 708-954-2900; fax: 708-954-1518

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$7,062,000
UR gross revenue.....	\$510,000
Case mgmt. revenue.....	\$62,000
UR/case mgmt. direct to employers.....	8.1%
Other services.....	91.9%

Staff	
Total UR/case mgmt. employees on staff.....	10.8
Professionals.....	10.8
Includes: 0.2 physicians, 10.6 RNs	

Clients	
Total.....	49
Employer/group plans with direct service.....	7

Covered lives/reviewed admissions	
Employee benefit plan lives served.....	106,828
Acute care inpatient admissions reviewed.....	10,896
Diverted for outpatient treatment.....	3%

Services since: 1985.
Parent: IASD Health Services Corp.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, free prescreening, refer-

als to alternative settings, written reports.

Occasional services: Onsite case management, review of lab work, patient education, retrospective review, hospital bill audits.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, workers comp/disability.

Compensation: \$1.50 to \$2.10 per employee per month (utilization management); \$65 per hour (case management).

Officers: George C. Phillips Jr., CEO; Lore Stanley, vp-operations; Donna Wolak, vp-finance; Rob Wright, vp-general services; Rick Hinden, vp-contractual/regulatory affairs.

Contact: Thomas J. Rehak, director-sales.

Hines & Associates

115 E. Highland Ave., Elgin, Ill. 60120; 847-741-1291; fax: 847-741-1391

Utilization Review/Case Management	
1995 revenues	
UR/case mgmt. direct to employers.....	4%
Services to health care/insurance providers.....	96%

Staff	
Total UR/case mgmt. employees on staff.....	110
Professionals.....	75
Includes: 5 physicians, 70 RNs	
UR/case mgmt. employees on retainer.....	62
Includes: 62 physicians	

Clients	
Total.....	302
Employer/group plans with direct service.....	12

Covered lives/reviewed admissions	
Employee benefit plan lives served.....	218,140

Services since: 1987.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings, written reports, maternity management.

Occasional services: Hospital bill audits.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, disability, pediatric.

Branch offices: San Diego; Denver; Tallahassee, Fla.; Honolulu; Bloomington, Champaign and Rockford, Ill.; Des Moines and Dubuque, Iowa; New Orleans; Bay City, Mich.; Omaha, Neb.; Beaufort and Charleston, S.C.; Dallas; Northern and Portsmouth, Va.; Seattle; Appleton and Milwaukee, Wis.

Compensation: \$0.95 to \$1.65 per employee per month; \$100 to \$2,500 per case; \$85 to \$110 per hour; percent of billed hospital charges.

Officers: Judith Hines, president; Eileen Zurbilis, executive vp; Lynn Breitbach, vp; Mary Hasterok, associate vp; Grace Richard, director.

Contact: Grace Richard, 800-735-1200.



I PRO

1979 Marcus Ave., First Floor, Lake Success, N.Y. 11042; 516-326-7767 ext. 516; fax: 516-328-2310

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$30,000,000
UR direct to employers.....	25%
Case mgmt. direct to employers.....	5%
Services to health care/insurance providers.....	25%
Other services.....	45%

Staff	
Total UR/case mgmt. employees on staff.....	250
Includes: 11 physicians, 125 RNs	
UR/case mgmt. employees on retainer.....	600
Includes: 600 physicians	

Clients	
Total.....	30
Employer/group plans with direct service.....	5

Covered lives/reviewed admissions	
Acute care inpatient admissions reviewed.....	180,000

Services since: 1984.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, retrospective review, second surgical opinion, hospital bill audits, free prescreening, written reports.

Occasional services: Discharge planning, onsite case management, outpatient service predetermination, referrals to alternative settings.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: Albany, Buffalo and Syracuse, N.Y.

Compensation: \$1.55 to \$2.55 per employee per month; \$125 to \$300 per case; \$90 to \$175 per hour.

Officers: Dr. Sheehy, president; Theodore O. Will, executive vp; Harry Feder, senior vp; Dr. Nenner, vp-medical affairs.

Contact: Robin J. Husney, vp-corporate planning/development.

IntegraHome

11499 Chester Road, Cincinnati, Ohio 45246; 513-772-9009; fax: 513-772-9111 or 513-772-4828

Utilization Review/Case Management	
1995 revenues	
UR direct to employers.....	20%
Case mgmt. direct to employers.....	15%
Services to health care/insurance providers.....	10%
Other services.....	55%

Staff	
Total UR/case mgmt. employees on staff.....	12
Professionals.....	14
Includes: 4 physicians, 7 RNs, 3 licensed practical nurses	
UR/case mgmt. employees on retainer.....	32
Includes: 30 physicians, 2 nurses	

Clients	
Total.....	41
Employer/group plans with direct service.....	74

Covered lives/reviewed admissions	
Employee benefit plan lives served.....	26,589
Acute care inpatient admissions reviewed.....	3,238
Diverted for outpatient treatment.....	3%

Services since: 1991.
Parent: Integra Group.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, outpatient service predetermination, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings, written reports.

Occasional services: Onsite case management, review of lab work, patient education, retrospective review, second surgical opinion, hospital bill audits.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Officers: Mary J. Hanley, president; William D. Steif, CEO; Vincent J. Homan, vp-business development.

Contact: Jerry Schwartz, director-operations.

Intracorp

1601 Chestnut St., TLP 11, Philadelphia, Pa. 19192-2116; 215-761-7100; fax: 215-761-7458

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$286,699
UR gross revenue.....	\$73,838
Case mgmt. revenue.....	\$42,102
UR direct to employers.....	11.6%
Case mgmt. direct to employers.....	6.6%
Services to health care/insurance providers.....	22.3%
Other services.....	59.5%

Staff	
Total UR/case mgmt. employees on staff.....	3,485
Professionals.....	863
Includes: 83 physicians, 779 RNs	
UR/case mgmt. employees on retainer.....	350
Includes: 350 physicians	

Clients	
Total.....	1,025
Employer/group plans with direct service.....	648

Covered lives/reviewed admissions	
Employee benefit plan lives served.....	20,900,000
Workers compensation lives served.....	2,900,000
Acute care inpatient admissions reviewed.....	496,000
Diverted for outpatient treatment.....	5.5%

Services since: 1984.
Parent: CIGNA.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports, demand management and benefits counseling, PPO and POS-based programs, high-risk maternity management, DRG review.

Occasional services: Hospital bill audits.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, work-

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Continued from previous page
ers comp/disability, pediatric.

Branch offices: Anaheim, Calif.; Norcross, Ga.; Itasca, Ill.; Pittsburgh and Plymouth Meeting, Pa.; Dallas; 80 field offices in the United States and Canada.

Compensation: Per employee per month; per case; per hour; percentage of savings for some fee management services.

Officers: Donald M. Duford, president; Larry L. Madlem, senior vp health managed care; Daniel H. Moore, vp/CFO; Carroll O. Conway, vp-marketing; Lynne Frazier, vp-human resources.
Contact: Betty Nelson.

K

Kepple & Co. Inc.

P.O. Box 1986, Peoria, Ill. 61656-1986; 309-673-7330; fax: 309-673-7369

Utilization Review

1995 revenues	
UR gross revenue	\$490,000
UR direct to employers	83%
Services to health care/insurance providers	17%

Staff

Total UR/case mgmt. employees on staff	6
Professionals	6
Includes: 4 RNs, 2 licensed practical nurses	
UR/case mgmt. employees on retainer	3
Includes: 3 physicians	

Clients

Total	58
Employer/group plans with direct service	53

Covered lives/reviewed admissions

Employee benefit plan lives served	60,000
Acute care inpatient admissions reviewed	3,834
Diverted for outpatient treatment	3%

Services since: 1982.

Frequent services: Preadmission certification, concurrent hospital treatment review, discharge planning, telephone case management, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings.

Occasional services: Length of stay determination, onsite case management, review of lab work, retrospective review, second surgical opinion, hospital bill audits, written reports.

Medical services reviewed/managed: Group health, psychiatric/substance abuse.

Compensation: \$1.95 to \$2.25 per employee per month; \$300 per case; \$100 per hour.

Officers: Philip Walker, CEO/chairman; James D. Stevenson, president; Gloria Towles, vp; Patti Thornton, director-claims; Linda Walker, director-UR.

L

Laurel Rehabilitation Services Inc.

67 S. Black Horse Pike, Blackwood, N.J. 08012; 800-201-1303; fax: 609-232-8430

Utilization Review/Case Management

1995 revenues	
Total gross revenue	\$1,042,509
UR gross revenue	\$683,954
Case mgmt. revenue	\$353,555
UR direct to employers	8%
Case mgmt. direct to employers	10%
Services to health care/insurance providers	82%

Staff

Total UR/case mgmt. employees on staff	5
Professionals	5
Includes: 5 RNs	
UR/case mgmt. employees on retainer	81
Includes: 80 physicians, 1 nurse	

Clients

Total	61
Employer/group plans with direct service	3

Services since: 1988.

Frequent services: Discharge planning, onsite case management, patient education, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, free prescreening, referrals to alternative settings, written reports.

Occasional services: Preadmission certification, concurrent hospital treatment review, telephone case management, outpatient psychiatric and substance abuse services.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, workers comp/disability, pediatric.

Compensation: \$60 to \$67 per hour; \$350 to \$500 per physician peer review.

Officers: Patricia Deffler, president; John Deffler, vp.

Contact: Julie Smith, marketing director; or Elizabeth Adomanis, director, 609-346-9748.

Liaison Inc.

17000 N. Dallas Parkway, Suite 103, Dallas, Texas 75248; 800-333-6944 or 214-380-6944; fax: 214-380-8629

Utilization Review/Case Management

1995 revenues	
UR direct to employers	3%
Case mgmt. direct to employers	5%
Services to health care/insurance providers	2%
Other services	90%

Staff

Total UR/case mgmt. employees on staff	10
Professionals	9
Includes: 9 RNs	
UR/case mgmt. employees on retainer	1
Includes: 1 physician	

Clients

Total	5
Employer/group plans with direct service	3

Services since: 1984.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, written reports.

Medical services reviewed/managed: Group health, rehabilitation, workers comp/disability.

Branch offices: Houston; San Antonio.

Compensation: Per employee per month; per case; per hour.

Officers: Catherine Marrs, president; Madeline Schneider, executive vp.

Contact: John Moran, national sales manager.

M

MMS Inc.

8620 S.W. 179 St., Miami, Fla. 33157; 305-378-2567; fax: 305-251-0246

Case Management

1995 revenues	
Total gross revenue	\$100,000
Case mgmt. revenue	\$100,000
Case mgmt. direct to employers	100%

Staff

Total case mgmt. employees on staff	1
Professionals	1

Clients

Total	15
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Covered lives/reviewed admissions

Workers compensation lives served	86
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Services since: 1987.

Frequent services: Discharge planning, onsite case management, patient education, written reports, job placement.

Occasional services: Concurrent hospital treatment review, telephone case management, review of lab work, referrals to alternative settings.

Medical services reviewed/managed: Group health, rehabilitation, workers comp/disability, hospice, AIDS.

Compensation: \$60 per hour; \$40 per hour of travel time.

Officers: Audree Theobald, president.

ManageAbility

26555 Evergreen Road, Southfield, Mich. 48076; 810-350-0005; fax: 810-350-2223

Utilization Review/Case Management

1995 revenues	
Total gross revenue	\$4,800,000
UR gross revenue	\$4,200,000
Case mgmt. revenue	\$600,000
UR direct to employers	10%
Case mgmt. direct to employers	12.5%
Services to health care/insurance providers	75%
Other services	2.5%

Staff

Total UR/case mgmt. employees on staff	52
Professionals	23
Includes: 17 physicians, 6 RNs	
UR/case mgmt. employees on retainer	24
Includes: 11 physicians, 13 nurses	

Clients

Total	78
Employer/group plans with direct service	11

Services since: 1989.

URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, review of lab work, retrospective review, second surgical opinion, outpatient service predetermination, referrals to alternative settings, written reports.

Occasional services: Onsite case management, patient education, hospital bill audits, outpatient psychiatric and substance abuse services, free prescreening.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Compensation: Per hour: \$55 to \$200; by percent of savings.

Officers: Anthony Schimizzi, CEO; Mark Churella, president; Dr. Shlomo Mandell, secretary/medical director; Robert Adams, COO; Gordon Bowdell, director-sales/marketing.

Managed Health Network Inc.

5100 W. Goldleaf Circle, Suite 300, Los Angeles, Calif. 90056; 213-299-0999; fax: 213-298-2770

Utilization Review/Case Management

1995 revenues	
Total gross revenue	\$41,861,315
UR/case mgmt. gross revenue	\$31,245,986
UR/case mgmt. direct to employers	60%
Services to health care/insurance providers	13%
Other services	27%

Staff

Total UR/case mgmt. employees on staff	185
Professionals	125
Includes: 5 physicians, 10 RNs, 4 licensed practical nurses	

Clients

Total	316
Employer/group plans with direct service	310

Covered lives/reviewed admissions

Employee benefit plan lives served	2,700,000
Workers compensation lives served	3,500
Acute care inpatient admissions reviewed	4,188
Diverted for outpatient treatment	40%

Services since: 1987.

URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, patient education, outpatient service predetermination, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings, written reports.

Occasional services: Retrospective review, hospital bill audits.

Medical services reviewed/managed: Psychiatric/substance abuse, workers comp/disability.

Branch offices: Cupertino, Huntington Beach and San Francisco, Calif.; Milford, Norwalk and Waterford, Conn.; Chicago; Baton Rouge, La.; Farmington and Springfield, Mass.; Dearborn, Mich.; Las Vegas; Marlton, N.J.; New York; Irving and Houston, Texas; Salt Lake City, Milwaukee.

Compensation: \$0.85 to \$0.95 per employee per month.

Officers: Ron Moreland, chairman/CEO; Alethea Caldwell, president/COO; Dr. Gregory Miller, medical director; David Buhler, CFO; Peter Sterman, senior vp-sales/marketing.

Contact: Peter Sterman, senior vp-sales/marketing.

The Massachusetts Peer Review Organization Inc. (MassPRO)

235 Wyman St., Waltham, Mass. 02154-1231; 617-890-0011; fax: 617-487-0083

Utilization Review

1995 revenues	
Total gross revenue	\$6,514,327
UR direct to employers	80%
Other services	20%

Staff

Total UR/case mgmt. employees on staff	59.1
Professionals	59.1
Includes: 4 physicians, 50.1 RNs, 3 licensed practical nurses, 2 medical record technicians	
UR/case mgmt. employees on retainer	401
Includes: 400 physicians, 1 nurse	

Clients

Total	14
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Services since: 1986.

Parent: Massachusetts Medical Society.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, review of lab work, retrospective review, hospital bill audits.

Occasional services: Patient education, second surgical opinion, written reports, guideline developments.

Medical services reviewed/managed: Rehabilitation, pediatric.

Officers: Dr. Brenda E. Richardson, president; Kathleen E. McCarthy, CEO; Robert A. Krovitz, COO/CFO; Dr. J. Peter Maselli, corporate medical director; Gladys G. Mooradian, chief information officer.

Contact: James V. Kerrigan, ext. 284.

MedCost Inc.

1399 Ashleybrook Lane, Suite 100, P.O. Box 25347, Winston-Salem, N.C. 27114-5347; 910-760-3090; fax: 910-760-2352

Utilization Review/Case Management

1995 revenues	
Services to health care/insurance providers*	55%
Other services	45%

Staff

Total UR/case mgmt. employees on staff	34
Professionals	34
Includes: 34 RNs	

Clients

Total	108
Employer/group plans with direct service	35

Covered lives/reviewed admissions

Employee benefit plan lives served	468,848
Acute care inpatient admissions reviewed	23,200
Diverted for outpatient treatment	1-2%

Services since: 1984.

Parent: Coastal Healthcare Group Inc. **URAC certified.**

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, patient education, outpatient service predetermination, referrals to alternative settings, written reports, prenatal program, health tips program.

Occasional services: Retrospective review, second surgical opinion, hospital bill audits, outpatient psychiatric and substance abuse services.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, pediatric.

Branch offices: Charlotte, N.C.

Compensation: \$1.25 per employee per month, \$0.50 case management, \$0.50 outpatient review, \$0.35 prenatal, \$0.25 health tips; \$75 per hour.

Officers: Otto W. Mueller, president; Billie J. Davis, vp; Kathryn C. Showalter, manager-managed care operations; Judith R. Beauchamp, manager-Med-Review Services; Dr. William B. Lorentz Jr., medical director; Sarah M. Browning, systems manager.

* Includes direct contracts with employers.

Medical Cost Management Corp.

111 W. Jackson, 22nd Floor, Chicago, Ill. 60604; 312-341-0217; fax: 312-341-9283

Utilization Review/Case Management

1995 revenues	
UR direct to employers	60%
Case mgmt. direct to employers	15%
Services to health care/insurance providers	25%

Staff

Total UR/case mgmt. employees on staff	15
Professionals	12
Includes: 3 physicians, 9 RNs	
UR/case mgmt. employees on retainer	80
Includes: 60 physicians, 20 nurses	

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http://www.metrahealth.com

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Covered lives/reviewed admissions

Employee benefit plan lives served	200,000
Workers compensation lives served	25,000

Services since: 1986.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings, written reports.

Occasional services: Onsite case management.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Compensation: Per employee per month; per case; per hour.

Officers: Michael J. O'Connor, president; Dr. David S. Fox, vp/medical director; Dr. Lawrence Kerns, director.

Medical Expeditors

1314 Poplar Pointe, Smyrna, Ga. 30082; 770-434-7916; fax: 770-434-7916

Utilization Review/Case Management

Staff	
Total UR/case mgmt. employees on staff	1
Professionals	1
Includes: 1 physician	

Services since: 1995.

Frequent services: Telephone case management, retrospective review, outpatient psychiatric and substance abuse services.

Occasional services: Concurrent hospital treatment review, length of stay determination, discharge planning, onsite case management, review of lab work, patient education, hospital bill audits, outpatient service predetermination, referrals to alternative settings, written reports.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, workers comp/disability.

Compensation: \$120 to \$150 per hour; negotiated fee.

Contact: Marilyn Goodrich, director.

Medical Foundation Services

3625 N.W. 82nd Ave., Suite 211, Miami, Fla. 33166; 305-593-0404; fax: 305-477-66

Continued from previous page

Staff	
Total UR/case mgmt. employees on staff	22
Clients	
Total	30
Employer/group plans with direct service	30
Covered lives/reviewed admissions	
Employee benefit plan lives served	60,000
Acute care inpatient admissions reviewed	6,000
Diverted for outpatient treatment	5%
Services since: 1980.	
Parent: Baptist Health Systems of South Florida.	
Services: Preadmission certification, concurrent hospital treatment review, discharge planning, onsite and telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, hospital bill audits.	
Medical services reviewed/managed: Group health, rehabilitation, workers comp/disability.	
Compensation: \$1.45 to \$1.95 per employee per month; \$75 to \$100 per hour.	
Officers: Rose Strain, director; Dan Rosenthal, vp.	
Contact: Richard Dietrich, ext. 105.	

Medical Rehabilitation Consultants Inc.

111 W. Cataldo, Suite 200, Spokane, Wash. 99201; 509-328-9700; fax: 509-328-9777

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$1,000,000
UR gross revenue	\$200,000
Case mgmt. revenue	\$600,000
UR direct to employers	5%
Case mgmt. direct to employers	5%
Services to health care/insurance providers	70%
Other services	20%
Staff	
Total UR/case mgmt. employees on staff	16
Professionals	16
Includes: 16 RNs	
UR/case mgmt. employees on retainer	1
Includes: 1 physican	
Clients	
Total	200
Employer/group plans with direct service	10
Covered lives/reviewed admissions	
Employee benefit plan lives served	20,000
Workers compensation lives served	10,000
Services since: 1987.	

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, referrals to alternative settings, written reports, medical trust advisory committee.

Occasional services: Outpatient psychiatric and substance abuse services, free prescreening.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, geriatric care.

Branch offices: Anchorage, Alaska; Phoenix; Boise, Idaho; Great Falls, Mont.; Las Vegas; Kennewick, Seattle and Walla Walla, Wash.

Compensation: \$1.80 to \$2 per employee per month; \$150 to \$1,500 per case; \$65 to \$150 per hour.

Officers: Mary Glidden, president; Jeff Glidden, vp.

Medical Review Corp.

1240 Sussex Turnpike, Randolph, N.J. 07869; 201-895-2244; fax: 201-895-2266

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	55%
Case mgmt. direct to employers	40%
Other services	5%
Staff	
Total UR/case mgmt. employees on staff	30
Includes: 1 physician, 19 RNs, 6 licensed practical nurses	
UR/case mgmt. employees on retainer	40
Includes: 40 physicians	
Clients	
Total	44
Employer/group plans with direct service	28
Covered lives/reviewed admissions	
Employee benefit plan lives served	385,000
Acute care inpatient admissions reviewed	30,171
Diverted for outpatient treatment	11%
Services since: 1982.	
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports.	
Occasional services: Onsite case management, retrospective review.	
Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse.	
Compensation: \$1.75 to \$2.05 per employee per month; \$100 to \$160 per hour.	
Officers: B. Mark Allen, CEO; Judy Luray Allen, president; Richard A. Heyman, executive vp; Lisbeth Loprete, vp-operations.	
Contact: Betsy G. Stein.	

Medicous Resource Management Inc.

833 Park Road N., Wyomissing, Pa. 19610; 800-647-2500; fax: 610-371-0310

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$540,000
UR/case mgmt. direct to employers	90%
Services to health care/insurance providers	10%
Staff	
Total UR/case mgmt. employees on staff	8
Professionals	5
Includes: 1 physician, 4 RNs	
UR/case mgmt. employees on retainer	16
Includes: 16 physicians	
Clients	
Total	50
Employer/group plans with direct service	46
Covered lives/reviewed admissions	
Employee benefit plan lives served	61,611
Workers compensation lives served	818
Acute care inpatient admissions reviewed	3,232
Services since: 1989.	
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, second surgical opinion, outpatient service predetermination, written reports.	
Occasional services: Retrospective review, outpatient psychiatric and substance abuse services.	
Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.	
Compensation: \$1.65 to \$1.90 per employee per month.	
Officers: Dr. Rocco Chirieleison, chairman; Dr. Robert Brigham, vice chairman; Lawrence Cobaugh, treasurer.	

Med-Valu Inc.

485 Metro Place S., Suite 200, Dublin, Ohio 43017; 614-764-2282; fax: 614-766-0004

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$3,500,000
UR gross revenue	\$3,200,000
Case mgmt. revenue	\$300,000
Case mgmt. direct to employers	2%
Services to health care/insurance providers	93%
Other services	5%
Staff	
Total UR/case mgmt. employees on staff	63
Includes: 6 physicians, 51 RNs	
UR/case mgmt. employees on retainer	NA
Includes: 20 physicians	
Clients	
Total	39
Employer/group plans with direct service	2
Covered lives/reviewed admissions	
Employee benefit plan lives served	1,000,000
Workers compensation lives served	60,000
Acute care inpatient admissions reviewed	10,000
Diverted for outpatient treatment	20%
Services since: 1987.	
URAC certified.	
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, review of lab work, patient education, outpatient service predetermination, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings, written reports, referral tracking.	
Occasional services: Onsite case management, retrospective review, second surgical opinion, hospital bill audits.	
Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, physical therapy.	
Compensation: Per employee per month; per case; per hour.	
Officers: Michael Linde, president/CEO; Frank Anzelmo, vp-systems; Mary Ellen O'Grady, vp-sales.	
Contact: Mary Ellen O'Grady.	

Med-One Case Management Services Inc.

115 Stevens Ave., Valhalla, N.Y. 10595; 800-743-9181; fax: 914-747-9161

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	5%
Case mgmt. direct to employers	10%
Services to health care/insurance providers	75%
Other services	10%
Staff	
Total UR/case mgmt. employees on staff	35
Includes: 1 physician, 20 RNs	
UR/case mgmt. employees on retainer	NA
Includes: 60 physicians, 10 nurses	
Clients	
Total	95
Employer/group plans with direct service	10
Services since: 1989.	
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, written reports, independent medical exams.	
Occasional services: Review of lab work, patient education, free prescreening, referrals to alternative settings.	
Medical services reviewed/managed: Group health, chiropractic, rehabilitation, workers comp/disability.	
Branch offices: Buffalo, N.Y.	
Contact: Carole Bronfman, president.	

MEDPLANS 2000 Inc.

14 E. First, P.O. Box 1231, Fort Scott, Kan. 66701; 800-826-2898 or 316-223-8200; fax: 316-223-8290

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$102,748
UR gross revenue	\$77,061
Case mgmt. revenue	\$25,687
UR direct to employers	75%
Case mgmt. direct to employers	25%
Staff	
Total UR/case mgmt. employees on staff	5
Professionals	3
Includes: 3 RNs	
UR/case mgmt. employees on retainer	16
Includes: 16 physicians	
Covered lives/reviewed admissions	
Employee benefit plan lives served	40,000
Services since: 1993.	
URAC certified.	
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, outpatient service predetermination, referrals to alternative settings, written reports.	
Occasional services: Review of lab work, patient education, second surgical opinion, hospital bill audits, outpatient psychiatric and substance abuse services, free prescreening.	
Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.	

MedView Services Inc.*

32991 Hamilton Court, Suite 300, Farmington Hills, Mich. 48334; 810-488-5260; fax: 810-488-5261

Utilization Review	
1995 revenues	
UR direct to employers	1%
Services to health care/insurance providers	2%
Other services	97%
Staff	
Total UR/case mgmt. employees on staff	15
Includes: 2 physicians, 8 RNs	
UR/case mgmt. employees on retainer	NA
Includes: 27 physicians	
Clients	
Total	76
Employer/group plans with direct service	6
Covered lives/reviewed admissions	
Acute care inpatient admissions reviewed	2,987
Services since: 1983.	
Parent: Beverly Enterprises Inc.	
URAC certified.	
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, outpatient service predetermination, referrals to alternative settings, written reports.	
Occasional services: Review of lab work, patient education, second surgical opinion, hospital bill audits, outpatient psychiatric and substance abuse services, free prescreening.	
Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.	

MedView Services Inc.*

32991 Hamilton Court, Suite 300, Farmington Hills, Mich. 48334; 810-488-5260; fax: 810-488-5261

Utilization Review	
1995 revenues	
UR direct to employers	1%
Services to health care/insurance providers	2%
Other services	97%
Staff	
Total UR/case mgmt. employees on staff	15
Includes: 2 physicians, 8 RNs	
UR/case mgmt. employees on retainer	NA
Includes: 27 physicians	
Clients	
Total	76
Employer/group plans with direct service	6
Covered lives/reviewed admissions	
Acute care inpatient admissions reviewed	2,987
Services since: 1983.	
Parent: Beverly Enterprises Inc.	
URAC certified.	
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, outpatient service predetermination, referrals to alternative settings, written reports.	
Occasional services: Review of lab work, patient education, second surgical opinion, hospital bill audits, outpatient psychiatric and substance abuse services, free prescreening.	
Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.	

MedView Services Inc.*

32991 Hamilton Court, Suite 300, Farmington Hills, Mich. 48334; 810-488-5260; fax: 810-488-5261

Utilization Review	
1995 revenues	
UR direct to employers	1%
Services to health care/insurance providers	2%
Other services	97%
Staff	
Total UR/case mgmt. employees on staff	15
Includes: 2 physicians, 8 RNs	
UR/case mgmt. employees on retainer	NA
Includes: 27 physicians	
Clients	
Total	76
Employer/group plans with direct service	6
Covered lives/reviewed admissions	
Acute care inpatient admissions reviewed	2,987
Services since: 1983.	
Parent: Beverly Enterprises Inc.	
URAC certified.	
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, outpatient service predetermination, referrals to alternative settings, written reports.	
Occasional services: Review of lab work, patient education, second surgical opinion, hospital bill audits, outpatient psychiatric and substance abuse services, free prescreening.	
Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.	

MedView Services Inc.*

32991 Hamilton Court, Suite 300, Farmington Hills, Mich. 48334; 810-488-5260; fax: 810-488-5261

Utilization Review	
1995 revenues	
UR direct to employers	1%
Services to health care/insurance providers	2%
Other services	97%
Staff	
Total UR/case mgmt. employees on staff	15
Includes: 2 physicians, 8 RNs	
UR/case mgmt. employees on retainer	NA
Includes: 27 physicians	
Clients	
Total	76
Employer/group plans with direct service	6
Covered lives/reviewed admissions	
Acute care inpatient admissions reviewed	2,987
Services since: 1983.	
Parent: Beverly Enterprises Inc.	
URAC certified.	
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, outpatient service predetermination, referrals to alternative settings, written reports.	
Occasional services: Review of lab work, patient education, second surgical opinion, hospital bill audits, outpatient psychiatric and substance abuse services, free prescreening.	
Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.	



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Medical Review Institute & Physician Consultation Institute

670 East 3900 South, Suite 300, Salt Lake City, Utah 84107; 800-654-2422; fax: 801-261-3187

Utilization Review	
1995 revenues	
UR direct to employers	5%
Case mgmt. direct to employers	5%
Services to health care/insurance providers	90%
Staff	
Total UR/case mgmt. employees on staff	10
Professionals	7
Includes: 4 physicians, 2 RNs, 1 medical record technician	
UR/case mgmt. employees on retainer	340
Includes: 340 physicians	
Clients	
Total	500
Employer/group plans with direct service	25
Services since: 1982.	
Parent: Medical Opinions Inc.	
Frequent services: Concurrent hospital treatment review, review of lab work, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, written reports, DRG validation, appropriate utilization.	
Occasional services: Preadmission certification, length of stay determination, telephone case management, referrals to alternative settings.	
Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, all medical specialties.	
Compensation: Per case; per hour.	

Medical Review Institute & Physician Consultation Institute

670 East 3900 South, Suite 300, Salt Lake City, Utah 84107; 800-654-2422; fax: 801-261-3187

Utilization Review	
1995 revenues	
Total gross revenue	\$102,748
UR gross revenue	\$77,061
Case mgmt. revenue	\$25,687
UR direct to employers	75%
Case mgmt. direct to employers	25%
Staff	
Total UR/case mgmt. employees on staff	5
Professionals	3
Includes: 3 RNs	
UR/case mgmt. employees on retainer	16
Includes: 16 physicians	
Covered lives/reviewed admissions	
Employee benefit plan lives served	40,000
Services since: 1993.	
URAC certified.	
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, length of stay determination, discharge planning, telephone case management, retrospective review, outpatient service predetermination, referrals to alternative settings, written reports.	

Continued from previous page

Officers: Robert H. Marks, president; Debra Cerre-Ruedisili, senior vp/COO; Polly Jantzen, vp; Gerald L. Page, vp/CFO; Valerie Wilson, vp-operations.

Contact: Eileen Marie Hanrahan, marketing manager, 810-488-5260, ext. 514.

*MedView Services Inc. and Resource Opportunities Inc. are now one entity. Please refer to Resource Opportunities Inc. for case management.

MedWatch Inc.

P.O. Box 952679, Lake Mary, Fla. 32795-2679; 800-432-8421; fax: 407-333-8928

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	10%
Case mgmt. direct to employers	10%
Services to health care/insurance providers	70%
Other services	10%

Staff	
Total UR/case mgmt. employees on staff	20
Professionals	12
Includes: 12 RNs	
UR/case mgmt. employees on retainer	23
Includes: 22 physicians, 1 nurse	

Clients	
Total	200
Employer/group plans with direct service	10

Covered lives/reviewed admissions	
Employee benefit plan lives served	150,000
Workers compensation lives served	2,200
Acute care inpatient admissions reviewed	15,000
Diverted for outpatient treatment	22%

Services since: 1989.

Frequent services: Preadmission certification, concurrent hospital treatment review, discharge planning, telephone case management, review of lab work, outpatient service predetermination, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings, written reports, chronic disease management.

Occasional services: Onsite case management, patient education, retrospective review, second surgical opinion, hospital bill audits.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, Medicare.

Compensation: \$1.20 to \$2 per employee per month; \$130 to \$350 per case; \$65 to \$75 per hour.

Officers: Lynn Jennings, Dennis Orgill, Judy Garber, Arlene McKechnie, Jean Newman.

MetraComp Inc.

1401 N. Westshore Blvd., Sixth Floor, Tampa, Fla. 33607; 800-525-5590; fax: 813-636-6291

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	15%
Case mgmt. direct to employers	25%
Other services	60%

Staff	
Total UR/case mgmt. employees on staff	80
Professionals	92
Includes: 12 physicians, 56 RNs, 24 licensed practical nurses	

Clients	
Total	60
Employer/group plans with direct service	25

Covered lives/reviewed admissions	
Workers compensation lives served	11,766
Acute care inpatient admissions reviewed	360
Diverted for outpatient treatment	38%

Services since: 1989.

Parent: United HealthCare Corp.

URAC certified.

Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, free prescreening, referrals to alternative settings, written reports.

Medical services reviewed/managed: Chiropractic, rehabilitation, workers comp/disability.

Branch offices: San Diego; Orlando, Fla.; St. Louis.

Officers: Larry Dorman, president; Dr. Steve Rosen, medical director; Joe Paduda, vp-sales/marketing.

Contact: Ricki South, marketing, 800-525-5590.

Multiplan Inc.

115 Fifth Ave., New York, N.Y. 10003; 212-780-2000; fax: 212-780-0450

Utilization Review/Case Management	
1995 revenues	
UR direct to employers	60%
Case mgmt. direct to employers	20%
Services to health care/insurance providers	20%

Staff

Total UR/case mgmt. employees on staff	6
Professionals	6
Includes: 1 physician, 5 RNs	

Clients	
Total	17

Covered lives/reviewed admissions

Employee benefit plan lives served	38,000
Workers compensation lives served	250
Acute care inpatient admissions reviewed	NA
Diverted for outpatient treatment	11%

Services since: 1985.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings.

Occasional services: Review of lab work, patient education, retrospective review, hospital bill audits, free prescreening, written reports.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, pediatric.

Branch offices: Salem, N.H.

Compensation: \$1.10 to \$1.50 per employee per month; \$100 to \$125 per hour.

Officers: Donald Rubin, chairman/CEO; Harvey Sigelbaum, president; Sidney Meyer, executive vp; Kathleen Sullivan, vp; Dr. Lawrence Lehman, medical director.

Contact: Marketing Department, 800-677-1098.

Mutual Assurance Advantage Inc.

3051 United Founders Blvd., Oklahoma City, Okla. 73112-4250; 405-848-1975; fax: 405-843-1953

Utilization Review/Case Management

1995 revenues	
Total gross revenue	\$280,000
UR gross revenue	\$280,000
UR direct to employers	100%

Staff	
Professionals	3
Includes: 3 RNs	
UR/case mgmt. employees on retainer	1
Includes: 1 physician	

Clients	
Total	38
Employer/group plans with direct service	38

Covered lives/reviewed admissions

Employee benefit plan lives served	21,000
Acute care inpatient admissions reviewed	1,608
Diverted for outpatient treatment	12%

Services since: 1990.

URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings.

Occasional services: Onsite and telephone case management, review of lab work, hospital bill audits, written reports.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability.

Compensation: \$2 per employee per month.

Officers: Jacqueline R. Carlsson, president; Terrie Adams-Beck, COO.

Contact: Terrie Adams-Beck, 405-848-1975, ext. 247.

Utilization Review/Case Management

1995 revenues	
Total gross revenue	\$444,000
UR gross revenue	\$368,000
Case mgmt. revenue	\$76,000
UR/case mgmt. direct to employers	10%
Services to health care/insurance providers	90%

Staff	
Total UR/case mgmt. employees on staff	5
Professionals	5
Includes: 1 physician, 4 RNs, 1 medical record technician	

Clients	
Total	26
Employer/group plans with direct service	7

Covered lives/reviewed admissions

Employee benefit plan lives served	24,943
Workers compensation lives served	4,758
Acute care inpatient admissions reviewed	2,639
Diverted for outpatient treatment	10%

Services since: 1988.

Parent: National Health Care Alliance Inc.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, patient education, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings.

Occasional services: Telephone case management, review of lab work, retrospective review, second surgical opinion, hospital bill audits, written reports.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Compensation: \$1.50 to \$1.75 per employee per month.

Officers: Robert Woolfolk, CEO; Melvin Thorne, president; Lanis McKinneg, vp; Dr. John Baird, medical director.

Utilization Review/Case Management

1995 revenues	
Total gross revenue	\$1,920,000
UR gross revenue	\$326,000
Case mgmt. revenue	\$1,594,000
UR direct to employers	10%
Case mgmt. direct to employers	20%
Services to health care/insurance providers	70%

Staff	
Total UR/case mgmt. employees on staff	20
Professionals	20
Includes: 16 RNs, 4 medical record technicians	
UR/case mgmt. employees on retainer	7
Includes: 2 physicians, 5 nurses	

Clients	
Total	100
Employer/group plans with direct service	20

Covered lives/reviewed admissions

Employee benefit plan lives served	50,000
Workers compensation lives served	200,000
Acute care inpatient admissions reviewed	NA
Diverted for outpatient treatment	10%

Services since: 1984.

URAC certified.

Frequent services: Preadmission certification, length of stay determination, discharge planning, onsite and telephone case management, patient education, outpatient service predetermination, referrals to alternative settings, written reports.

Occasional services: Concurrent hospital treatment review, review of lab work, retrospective review, second surgical opinion, outpatient psychiatric and substance abuse services, free prescreening.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: Claremont, Fresno, Long Beach and Salinas, Calif.; Las Vegas.

Compensation: Per employee per month; per case; per hour.

Officers: Mary Lacy, CEO/president; Mary Abraham, CFO; Ron Ferrieri, controller; Donna Lester, vp-operations; Bonnie Kreuger, vp-sales/marketing.

Utilization Review/Case Management

1995 revenues	
Total gross revenue	\$1,755,073
UR gross revenue	\$1,085,552
Case mgmt. revenue	\$669,521
UR direct to employers	5%

Staff	
Total UR/case mgmt. employees on staff	2
Professionals	2
Includes: 2 physicians	

Clients	
Total	2
Employer/group plans with direct service	2

Covered lives/reviewed admissions

Employee benefit plan lives served	24,943
Workers compensation lives served	4,758
Acute care inpatient admissions reviewed	2,639
Diverted for outpatient treatment	10%

Services since: 1975.

Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings.

Medical services reviewed/managed: Group health, dental, chiropractic, pediatric.

Officers: Alvin Konigsberg, David Zaback.

Contact: David Zaback.

Utilization Review/Case Management

1995 revenues	
Total gross revenue	\$15,886,000
UR gross revenue	\$11,898,000
Case mgmt. revenue	\$3,988,000
UR direct to employers	44%
Case mgmt. direct to employers	16%
Services to health care/insurance providers	34%
Other services	6%

Staff	
Total UR/case mgmt. employees on staff	169.5
Professionals	121.5
Includes: 4.5 physicians, 17 RNs	
UR/case mgmt. employees on retainer	12.5
Includes: 12.5 physicians	

Clients	
Total	89
Employer/group plans with direct service	5

Covered lives/reviewed admissions

Employee benefit plan lives served	3,462,560
Workers compensation lives served	35,000
Acute care inpatient admissions reviewed	279,730
Diverted for outpatient treatment	7.5%

Services since: 1984.

Parent: Pioneer Financial Services Inc.

URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, patient education, retrospective review, outpatient service predetermination, free prescreening, referrals to alternative settings, written reports, audit review, occupational medical management, licensing software systems, durable medical equipment precertification.

Occasional services: Review of lab work, second surgical opinion, hospital bill audits, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings, written reports.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, maternity, PPOs, nursing home and extended care facility.

Branch offices: Dallas.

Compensation: \$1.50 to \$1.70 per employee per month; \$95 to \$115 per case; \$120 to \$130 per hour (registered nurse), \$190 to \$210 per hour (physician).

Officers: Anthony Pino, president/CEO; Richard Dankworth, Dr. Barbara Freeman, Dr. Dennis Koper, executive vps; Christie Sturzebecher, senior vp.

Contact: Michelle Runyon, first vp-operations support.

Utilization Review/Case Management

1995 revenues	
Total gross revenue	\$15,886,000
UR gross revenue	\$11,898,000
Case mgmt. revenue	\$3,988,000
UR direct to employers	44%
Case mgmt. direct to employers	16%
Services to health care/insurance providers	34%
Other services	6%

Staff	
Total UR/case mgmt. employees on staff	169.5
Professionals	121.5
Includes: 4.5 physicians, 17 RNs	
UR/case mgmt. employees on retainer	12.5
Includes: 12.5 physicians	

Clients	
Total	89
Employer/group plans with direct service	5

Covered lives/reviewed admissions

Employee benefit plan lives served	60,000
Workers compensation lives served	70,000
Acute care inpatient admissions reviewed	6,000
Diverted for outpatient treatment	5%

Services since: 1990.

Parent: USA Health Holding Inc.

URAC certified.

Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, review of lab work, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings, written reports, high-risk maternity program.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: Austin, Texas.

Compensation: \$0.85 to \$1.25 per employee per month; \$85 to \$125 per hour.

Officers: George E. Bogle, chairman/CEO; Constance K. Lambert, president; Joe Dulin, vp/treasurer/CFO; Wendy Sara, secretary; Dr. James Gerace, medical director.

Contact: Karen Blaum.

Utilization Review/Case Management

1995 revenues	
Total gross revenue	\$1,755,073
UR gross revenue	\$1,085,552
Case mgmt. revenue	\$669,521
UR direct to employers	5%

Staff	
Total UR/case mgmt. employees on staff	15
Professionals	15

Clients	
Total	66,000

Continued from previous page
treatment review, length of stay determination, discharge planning, telephone case management, patient education, second surgical opinion, written reports.

Occasional services: Review of lab work, retrospective review, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, pediatric, surgical, podiatry, infusion care.

Compensation: \$1.85 to \$2.75 per employee per month; \$100 to \$150 per case; \$85 to \$105 per hour.

Officers: Catherine Mullahy, president.
Contact: Helene Fugazzi, administrator.

Options Unlimited

76 E. Main St., Huntington, N.Y. 11743; 516-673-1150; fax: 516-673-8369

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$1,500,000
UR gross revenue.....	\$300,000
Case mgmt. revenue.....	\$1,000,000
UR direct to employers.....	30%
Case mgmt. direct to employers.....	30%
Services to health care/insurance providers.....	30%
Other services.....	10%
Staff	
Total UR/case mgmt. employees on staff.....	20
Professionals.....	17
Includes: 17 nurses	
UR/case mgmt. employees on retainer.....	124
Includes: 14 physicians, 110 nurses	
Clients	
Total.....	24
Employer/group plans with direct service.....	6
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	60,000
Workers compensation lives served.....	10,000
Acute care inpatient admissions reviewed.....	4,500

Services since: 1983.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, patient education, retrospective review, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports, provider claim reviews.

Occasional services: Review of lab work, second surgical opinion, hospital bill audits, free prescreening.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, surgical, podiatry, infusion care.

Compensation: \$1.85 to \$2.75 per employee per month; \$100 to \$150 per case; \$85 to \$105 per hour.

Officers: Catherine Mullahy, president.
Contact: Helene Fugazzi, administrator.

Occasional services: Review of lab work, patient education, hospital bill audits, free prescreening.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.

Branch offices: Fresno, Merced, Sacramento, Stockton and Turlock, Calif.

Compensation: \$1.25 to \$1.95 per employee per month; \$100 to \$150 per hour.

Officers: Dr. Lawrence Cappel, CEO; Robert Mackler; Metta Shields.
Contact: Metta Shields.

Plan 21 Inc.

4550 Post Oak Place Drive, Houston, Texas 77027; 800-622-7276 or 713-621-6500; fax: 713-621-6560

Case Management	
1995 revenues	
Case mgmt. direct to employers.....	50%
Services to health care/insurance providers.....	2%
Other services.....	48%
Staff	
Total case mgmt. employees on staff.....	13
Professionals.....	7
Includes: 1 physician, 5 RNs, 1 medical record technician	
Case mgmt. employees on retainer.....	2
Includes: 2 physicians	
Clients	
Total.....	37
Employer/group plans with direct service.....	36
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	175,000
Acute care inpatient admissions reviewed.....	600
Diverted for outpatient treatment.....	40%

Services since: 1989.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, review of lab work, patient education, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports.

Occasional services: Onsite case management, retrospective review.

Medical services reviewed/managed: Psychiatric/substance abuse, disability.

Compensation: \$1.50 to \$2.50 per employee per month; \$85 to \$150 per hour.

Officers: Joseph F. Madonia, president; Stephen N. Luppino, Robert L. Belchick, vps; Janet Zaozerny, Ellen Bearicks.

The Precertification Center

P.O. Box 898125, Camp Hill, Pa. 17089-8125; 800-441-2330; fax: 800-626-9090

Utilization Review	
1995 revenues	
Total gross revenue.....	\$5,400,000
UR gross revenue.....	\$5,300,000
UR direct to employers.....	94%
Services to health care/insurance providers.....	5%
Other services.....	1%
Staff	
Total UR/case mgmt. employees on staff.....	33.5
Professionals.....	23.5
Includes: 2 physicians, 20.5 RNs, 1 licensed practical nurse	
UR/case mgmt. employees on retainer.....	2
Includes: 2 physicians	
Clients	
Total.....	700
Employer/group plans with direct service.....	695
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	700,000
Workers compensation lives served.....	33,000
Acute care inpatient admissions reviewed.....	26,743
Diverted for outpatient treatment.....	1%

Services since: 1984.
Parent: Pennsylvania Blue Shield, Capital Blue Cross.
URAC certified.
Frequent services: Preadmission certification; concurrent hospital treatment review; length of stay determination; discharge planning; second surgical opinion; outpatient service predetermination; outpatient psychiatric and substance abuse services; referrals to alternative settings; FMLA, workers comp and short-term disability certification.

Occasional services: Review of lab work, retrospective review.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, diagnostics.

Compensation: \$0.85 minimum per employee per month; \$85 minimum per case.

Officers: Jerry Boyer, president; Elizabeth Galitski, vp; Susan Bianchi, director; Yvonne Fry, manager-precertification; Peggy Belfonti, manager-disability.
Contact: Jerry Boyer, 717-760-9997.

Preferred Health Plan Inc.

10180 Linn Station Road, Suite B-200, Louisville, Ky. 40223; 502-339-7500; fax: 502-339-8716

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$1,970,276
UR gross revenue.....	\$225,591
UR/case mgmt. direct to employers.....	5.73%
Services to health care/insurance providers.....	5.72%
Other services.....	88.55%
Staff	
Total UR/case mgmt. employees on staff.....	4
Professionals.....	N/A
Includes: 1 physician, 2 RNs, 1 licensed practical nurse	
UR/case mgmt. employees on retainer.....	60
Includes: 60 physicians	
Clients	
Total.....	15
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	32,000
Acute care inpatient admissions reviewed.....	2,120
Diverted for outpatient treatment.....	9%

Services since: 1989.
Services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, review of lab work, retrospective review, hospital bill audits, outpatient service predetermination, referrals to alternative settings, written reports.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, pediatric, home health.

Compensation: \$1.75 to \$2.25 per employee per month.

Officers: Bernard Tamme, president; Paula S. Barr, director-marketing; Mary Stiver, director-operations; Barbara Pierce, director-medical services; Dennis A. Stovall, CFO.

Preferred Mental Health Management

401 E. Douglas, Third Floor, Wichita, Kan. 67202; 316-262-0444; fax: 316-262-0003

Utilization Review/Case Management	
1995 revenues	
UR/case mgmt. direct to employers.....	100%
Staff	
Total UR/case mgmt. employees on staff.....	2
Professionals.....	2
Includes: 2 RNs	
UR/case mgmt. employees on retainer.....	NA
Includes: 12 physicians	
Clients	
Total.....	15
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	31,222
Acute care inpatient admissions reviewed.....	1,503
Diverted for outpatient treatment.....	5%

Services since: 1983.
Parent: The Chandler Group.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, review of lab work, retrospective review, referrals to alternative settings, written reports.

Occasional services: Onsite and telephone case management, second surgical opinion, outpatient service predetermination.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, pediatric.

Compensation: Per employee per month; per case; per hour; negotiated.

Officers: Marlin Wilcox, president; Joe Colosi, senior vp.

PreferredOne

200 S. Sixth St., Suite 300, Minneapolis, Minn. 55402; 612-623-8282; fax: 612-623-0984

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$9,600,000
UR gross revenue.....	\$2,700,000
Case mgmt. revenue.....	\$200,000
UR direct to employers.....	14%
Case mgmt. direct to employers.....	2%
Services to health care/insurance providers.....	14%
Other services.....	70%
Staff	
Total UR/case mgmt. employees on staff.....	33
Professionals.....	33
Includes: 1 physician, 32 RNs	
UR/case mgmt. employees on retainer.....	40
Includes: 40 physicians	
Clients	
Total.....	90
Employer/group plans with direct service.....	8,000
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	500,000
Workers compensation lives served.....	82,000
Acute care inpatient admissions reviewed.....	29,288
Diverted for outpatient treatment.....	3%

Services since: 1984.
Parent: PreferredOne Management Co.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, retrospective review, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports.

Occasional services: Onsite case management, review of lab work, patient education, second surgical opinion, hospital bill audits, free prescreening.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, high-risk pregnancy.

Compensation: \$0.50 to \$4 per employee per month; \$50 to \$200 per case; \$90 to \$150 per hour; dependent on combination of services.

Officers: Marcus Merz, president/CEO; Tina Frontera-Adson, vp-health care management services; Mike Umland, vp-finance; Jim Miller, vp-marketing; Dr. Kenneth Dedeker, medical director.

Contact: Tina Frontera-Adson, 612-372-3205.

Primary Health Services Inc.

500 Lena Drive, Aurora, Ohio 44202; 216-562-5711; fax: 216-562-5002

Utilization Review/Case Management	
1995 revenues	
UR/case mgmt. direct to employers.....	100%
Staff	
Total UR/case mgmt. employees on staff.....	2
Professionals.....	2
Includes: 2 RNs	
UR/case mgmt. employees on retainer.....	NA
Includes: 12 physicians	
Clients	
Total.....	15
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	31,222
Acute care inpatient admissions reviewed.....	1,503
Diverted for outpatient treatment.....	5%

Services since: 1983.
Parent: The Chandler Group.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, review of lab work, retrospective review, referrals to alternative settings, written reports.

Occasional services: Onsite and telephone case management, second surgical opinion, outpatient service predetermination.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, pediatric.

Compensation: Per employee per month; per case; per hour; negotiated.

Officers: Marlin Wilcox, president; Joe Colosi, senior vp.

Private Healthcare Systems

1100 Winter St., Waltham, Mass. 02154; 617-895-3144; fax: 617-895-3477

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$106,000,000
UR gross revenue.....	\$57,000,000
Case mgmt. revenue.....	\$7,000,000
UR direct to employers.....	12%
Case mgmt. direct to employers.....	4%
Services to health care/insurance providers.....	44%
Other services.....	40%
Staff	
Total UR/case mgmt. employees on staff.....	599
Professionals.....	193
Includes: 16 physicians, 177 RNs	
UR/case mgmt. employees on retainer.....	11
Includes: 11 physicians	
Clients	
Total.....	22
Employer/group plans with direct service.....	6
Covered lives/reviewed admissions	
Acute care inpatient admissions reviewed.....	737,972
Diverted for outpatient treatment.....	5.3%

Services since: 1985.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, telephone case management, review of lab work, patient education, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports, medical necessity review, location of care review, high-risk maternity screening.

Occasional services: Discharge planning, retrospective review, second surgical opinion.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, pediatric, maternity.

Branch offices: Irvine, Calif.

Compensation: Per employee per month; per case; per hour.

Officers: J. Rick Newsome, interim president/CEO; Peter George, executive vp/COO; Kenneth Hawes, executive vp/chief information officer; Dr. Mark Bloomberg, executive vp/chief medical officer; Maryjane Frascino, director-marketing/communications.

Contact: Maryjane Frascino.

Pro-West, A Professional Review Organization

10700 Meridian Ave. N., Suite 100, Seattle, Wash. 98133-9075; 206-364-9700; fax: 206-368-2419

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$8,435,685
UR gross revenue.....	\$4,228,741
Case mgmt. revenue.....	\$488,600
UR direct to employers.....	20%
Case mgmt. direct to employers.....	10%
Services to health care/insurance providers.....	20%
Other services.....	50%
Staff	
Total UR/case mgmt. employees on staff.....	48
Professionals.....	48
Includes: 2 physicians, 34 RNs, 2 licensed practical nurses, 4 medical record technicians	
UR/case mgmt. employees on retainer.....	200
Includes: 200 physicians	
Clients	
Total.....	60
Employer/group plans with direct service.....	33
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	4,316,111
Workers compensation lives served.....	10,000
Acute care inpatient admissions reviewed.....	47,791
Diverted for outpatient treatment.....	1%

Services since: 1974.
URAC certified.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, review of lab work, patient education, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports.

Occasional services: Free prescreening.

Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, massage therapy, physical therapy, home health nursing, DRG validation, technology assessment, pattern analysis, prenatal care coordination.

Branch offices: Anchorage, Alaska; Boise, Idaho; Plano, Texas; Lynnwood, Wash.

Compensation: Per employee per month; per case; per hour.

Officers: Joseph Palermo, chairman; John W. Daise, CEO; Michael Garrett, executive director; Dr. Jonathan Sugarman, medical director-health care quality/principal clinical coordinator; Dr. John C. Peterson, medical director.

Contact: Julianne Collier, account executive.

Psychology Systems Inc.
615 S. Main St., Milpitas, Calif. 95035; 408-263-8046; fax: 408-263-3736

Utilization Review/Case Management	
1995 revenues	
Total gross revenue.....	\$9,500,000
UR gross revenue.....	\$250,000
Case mgmt. revenue.....	\$750,000
UR/case mgmt. direct to employers.....	10%
Other services.....	90%
Staff	
Total UR/case mgmt. employees on staff.....	5
Professionals.....	4
Includes: 0.5 physicians	
Clients	
Total.....	25
Employer/group plans with direct service.....	25
Covered lives/reviewed admissions	
Employee benefit plan lives served.....	65,000
Acute care inpatient admissions reviewed.....	250
Diverted for outpatient treatment.....	20%

Services since: 1982.
Parent: PacificCare Behavioral Health.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, retrospective review, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports.

Medical services reviewed/managed: Psychiatric/substance abuse.

Compensation: \$1.99 to \$4.50 per employee per month.

Officers: John C. Brady II, Richard Falls, James B. Wallace, P. James Weymouth, Ed Garner.

Contact: P. James Weymouth, vpsales.

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PHR Review

1350 Old Bayshore Highway, Suite 570, Burlingame, Calif. 94010; 415-375-5800; fax: 415-375-5820

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QMC 3 Inc. (Par 3 Utilization Review Services Inc.)
10 Lakeside Lane, Denver, Colo. 80212; 303-433-6898; fax: 303-433-7696

Utilization Review/Case Management
1995 Revenues
UR direct to employers...95%
Case mgmt. direct to employers...5%
Staff
Total UR/case mgmt. employees on staff...26
Professionals...22
Includes: 6 physicians, 11 RNs, 2 licensed practical nurses, 3 medical record technicians
UR/case mgmt. employees on retainer...63
Includes: 62 physicians, 1 nurse
Clients
Total...408
Employer/group plans with direct service...400
Covered lives/reviewed admissions
Employee benefit plan lives served...280,000
Workers compensation lives served...5,000
Acute care inpatient admissions reviewed...67,000
Diverted for outpatient treatment...12%

URAC certified.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, patient education, outpatient service predetermination, outpatient psychiatric and substance abuse services, written reports, diagnostic review.
Occasional services: Retrospective review, second surgical opinion, hospital bill audits.
Medical services reviewed/managed: Group health, dental, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.
Branch offices: Garden City, N.Y.
Compensation: \$0.35 to \$1.75 per employee per month (UR); \$70 per hour (case management).
Officers: Kimberly A. Sutphin, president/CEO; Henry J. Roth, chairman; Howard V. Entin, secretary.
Contact: Kimberly A. Sutphin.

Quality Managed Care Inc.
7245 W. 95th St., Suite 200, Overland Park, Kan. 66212; 913-642-7997; fax: 913-642-4201

Utilization Review/Case Management
1995 Revenues
UR direct to employers...4%
Case mgmt. direct to employers...4%
Services to health care/insurance providers...72%
Other services...20%
Staff
Professionals...26
Includes: 1 physician, 25 RNs
UR/case mgmt. employees on retainer...NA
Includes: 20 physicians
Clients
Total...125
Employer/group plans with direct service...16
Covered lives/reviewed admissions
Employee benefit plan lives served...290,684
Workers compensation lives served...10,500
Acute care inpatient admissions reviewed...2,100
Diverted for outpatient treatment...20%

UR services since: 1989.
Parent: The Olston Corp.
Frequent services: Preadmission certification, concurrent hospital treatment review, discharge planning, telephone case management, patient education, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, free pre-screening, referrals to alternative settings, written reports.
Occasional services: Length of stay determination, onsite case management, hospital bill audits.
Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, durable medical equipment, OB/Gyn, skilled care, home health.
Branch offices: Petaluma, Calif.; Englewood, Colo.; Jensen Beach, Fla.; Des Plaines, Ill.; Clive, Iowa; Overland Park and Wichita, Kan.; Montgomeryville, Pa.
Compensation: Per employee per month; per case; per hour.
Officers: Noreen E. Whalen, vp/general manager.
Contact: Scott Fiss, national director-sales/marketing.



Rehabilitation Management Consultants Inc.
6554 Winchester Road, Suite 326, Memphis, Tenn. 38115; 901-324-9078; fax: 901-324-9172

Utilization Review/Case Management
1995 Revenues
UR direct to employers...20%
Case mgmt. direct to employers...14%
Services to health care/insurance providers...64%
Other services...2%
Staff
Total UR/case mgmt. employees on staff...2
UR/case mgmt. employees on retainer...22
Includes: 1 physician, 3 nurses
Clients
Total...6
Employer/group plans with direct service...4
Covered lives/reviewed admissions
Employee benefit plan lives served...119
Workers compensation lives served...356

UR services since: 1991.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, patient education, retrospective review, hospital bill audits, outpatient service predetermination, written reports.
Occasional services: Onsite case management, second surgical opinion, referrals to alternative settings.
Medical services reviewed/managed: Group health, rehabilitation, workers comp/disability.
Compensation: \$95 to \$135 per case.
Officers: Sherri Shelton-Johnson, president/CEO; Billy J. Johnson, vp-information systems.

Rehabilitation Nursing Services Inc.
777 Campus Commons Drive, Suite 100, Sacramento, Calif. 95825; 916-929-6506; fax: 916-929-6013

Utilization Review/Case Management
1995 Revenues
Total gross revenue...\$659,829
UR gross revenue...\$37,877
Case mgmt. revenue...\$587,152
UR direct to employers...2%
Case mgmt. direct to employers...8%
Services to health care/insurance providers...85%
Other services...5%
Staff
Total UR/case mgmt. employees on staff...6
Professionals...6
Includes: 6 RNs
UR/case mgmt. employees on retainer...5
Includes: 5 nurses
Clients
Total...21
Employer/group plans with direct service...6
Covered lives/reviewed admissions
Workers compensation lives served...577
Acute care inpatient admissions reviewed...156
Diverted for outpatient treatment...6%

Services since: 1989.
Frequent services: Discharge planning, onsite and telephone case management, patient education, retrospective review, second surgical opinion, outpatient service predetermination, referrals to alternative settings, written reports.
Occasional services: Preadmission certification, concurrent hospital treatment review, length of stay determination, review of lab work, hospital bill audits, outpatient psychiatric and substance abuse services.
Medical services reviewed/managed: Group health, chiropractic, rehabilitation, workers comp/disability, pediatric.
Branch offices: San Francisco.
Compensation: \$2 to \$5 per employee per month; \$325 to \$585 per case; \$75 to \$150 per hour.
Contact: Cynthia Whitaker, president.

Resource Opportunities Inc.*
4122 Innslake Drive, Glen Allen, Va. 23060; 804-527-1100; fax: 804-527-1509

Case Management
1995 Revenues
Total gross revenue...\$16,280,000
Case mgmt. revenue...\$14,800,000
Case mgmt. direct to employers...20%
Services to health care/insurance providers...70%
Other services...10%
Staff
Total case mgmt. employees on staff...280
Professionals...280
Includes: 280 RNs
Clients
Total...475

Employer/group plans with direct service: 68
Covered lives/reviewed admissions
Employee benefit plan lives served...110
Workers compensation lives served...14,879
Acute care inpatient admissions reviewed...48
Diverted for outpatient treatment...50%

Services since: 1977.
Parent: Beverly Enterprises Inc.
Frequent services: Onsite and telephone case management, patient education, retrospective review, hospital bill audits, free prescreening, referrals to alternative settings, written reports.
Occasional services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, review of lab work, outpatient psychiatric and substance abuse services.
Medical services reviewed/managed: Group health, rehabilitation, workers comp/disability, pediatric, liability, long-term disability.
Branch offices: Birmingham, Ala.; Costa Mesa, Fresno, Sacramento, San Diego and Western Creek, Calif.; Fort Lauderdale and Orlando, Fla.; Atlanta; Chicago; Louisville, Ky.; Glen Burnie, Md.; Charlotte and Raleigh, N.C.; Philadelphia; Dallas; Houston; San Antonio; Abingdon, Richmond, Roanoke, Vienna and Virginia Beach, Va.
Compensation: \$250 to \$2,000 per case; \$50 to \$100 per hour.
Officers: Michael Leep, president; Jeff Odell, vp-sales/marketing.
Contact: Jeff Odell.
**Resource Opportunities Inc. and MedView Services Inc. are now one entity. Please refer to MedView Services Inc. for utilization review.*

Review Works/Rehab Plans
400 Galleria Officecentre, Suite 101, Southfield, Mich. 48034; 810-354-4600; fax: 810-354-4609

Utilization Review/Case Management
1995 Revenues
UR direct to employers...20%
Case mgmt. direct to employers...15%
Services to health care/insurance providers...65%
Staff
Total UR/case mgmt. employees on staff...120
Professionals...105
Includes: RNs
UR/case mgmt. employees on retainer...61
Includes: physicians
Clients
Total...92
Employer/group plans with direct service...17
UR services since: 1989.
URAC certified.
Frequent services: Concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, review of lab work, retrospective review, hospital bill audits, outpatient service predetermination, referrals to alternative settings, written reports.
Occasional services: Preadmission certification, patient education, second surgical opinion.
Medical services reviewed/managed: Chiropractic, rehabilitation, workers comp/disability.
Branch offices: Denver; Minneapolis; Dallas.
Compensation: Per case; per hour.
Officers: Carolyn LaHousse, president; Cheryl Monroe, operations manager; Robert A. Bartlett, vp; Jean Beaubien, case management supervisor; Diane Mateja, program director.
Contact: Matt Schreyer, 800-429-0441.

Second Opinion Consultants
P.O. Box 183, Pleasantville, N.Y. 10570; 914-741-1090; fax: 914-769-8248

Utilization Review
1995 Revenues
UR direct to employers...20%
Services to health care/insurance providers...60%
Other services...20%
Staff
Total UR employees on staff...2
Professionals...2
Includes: 1 licensed practical nurse
UR employees on retainer...2
Includes: 1 physician, 1 nurse
Clients
Total...5
Covered lives/reviewed admissions
Employee benefit plan lives served...2,000
Workers compensation lives served...4,000
Services since: 1983.
Parent: MLF Management.
Frequent services: Second surgical opinion, managed workers compensation, written reports.



Second Opinion Consultants
P.O. Box 183, Pleasantville, N.Y. 10570; 914-741-1090; fax: 914-769-8248

Utilization Review
1995 Revenues
UR direct to employers...20%
Services to health care/insurance providers...60%
Other services...20%
Staff
Total UR employees on staff...2
Professionals...2
Includes: 1 licensed practical nurse
UR employees on retainer...2
Includes: 1 physician, 1 nurse
Clients
Total...5
Covered lives/reviewed admissions
Employee benefit plan lives served...2,000
Workers compensation lives served...4,000
Services since: 1983.
Parent: MLF Management.
Frequent services: Second surgical opinion, managed workers compensation, written reports.

Occasional services: Retrospective review, hospital bill audits.
Medical services reviewed/managed: Dental, chiropractic, workers comp/disability.
Compensation: \$165 to \$250 per case.
Contact: Dr. Macelon L. Finkel, principal.

Sentinel Management Services Inc.
1871 Santa Barbara Drive, P.O. Box 8377, Lancaster, Pa. 17601; 800-432-8877; fax: 717-581-8841

Utilization Review/Case Management
1995 Revenues
UR direct to employers...25%
Case mgmt. direct to employers...5%
Services to health care/insurance providers...70%
Staff
Total UR/case mgmt. employees on staff...6
Professionals...6
Includes: 5 RNs, 1 medical record technician
UR/case mgmt. employees on retainer...2
Includes: 1 physician, 1 nurse
Clients
Total...130
Employer/group plans with direct service...126
Covered lives/reviewed admissions
Employee benefit plan lives served...17,000
Acute care inpatient admissions reviewed...4,000
Diverted for outpatient treatment...20%
Services since: 1988.
URAC certified.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, patient education, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, referrals to alternative settings, written reports.
Occasional services: Onsite telephone case management, review of lab work, outpatient psychiatric and substance abuse services.
Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric.
Compensation: \$1.75 to \$1.85 per employee per month; \$60 to \$125 per hour.
Officers: Susan C. Rossi, president; Anne Reinsmith, treasurer; Sara Aman, secretary.

Spectrum Review Services Inc.
3845 FM 1960 W., Suite 410, Houston, Texas 77068-3519; 800-258-5055 or 713-444-2194; fax: 713-444-2482

Utilization Review/Case Management
1995 Revenues
Total gross revenue...\$600,000
UR gross revenue...\$502,000
Case mgmt. revenue...\$60,000
UR direct to employers...80%
Case mgmt. direct to employers...5%
Services to health care/insurance providers...10%
Other services...5%

Staff
Total UR/case mgmt. employees on staff...5
Professionals...5
Includes: 5 RNs
UR/case mgmt. employees on retainer...100
Includes: 80 physicians, 20 nurses
Clients
Total...35
Employer/group plans with direct service...2
Covered lives/reviewed admissions
Employee benefit plan lives served...250,000
Workers compensation lives served...4,000
Acute care inpatient admissions reviewed...4,044
Diverted for outpatient treatment...7%

Services since: 1991.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, second surgical opinion, outpatient service predetermination, high-risk pregnancy review, written reports.
Occasional services: Onsite case management, review of lab work, patient education, retrospective review, hospital bill audits, outpatient psychiatric and substance abuse services, free prescreening, referrals to alternative settings.
Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, physical therapy, occupational therapy.
Compensation: \$1.10 to \$1.25 per employee per month; \$50 to \$60 per case; \$90 per hour.
Officers: Frank J. Berrier Jr., president/CEO; Ernest C. Munshower, senior vp/secretary/treasurer; Virgil C. Pebley, vp/medical director.
Contact: Frank J. Berrier Jr.

Strategic Health
9315 N.E. Sixth Ave., Miami Shores, Fla. 33138; 800-874-2378; fax: 305-751-1029

Utilization Review/Case Management
1995 Revenues
Total gross revenue...\$3,000,000
UR gross revenue...\$1,000,000
Case mgmt. revenue...\$2,000,000
UR/case mgmt. direct to employers...67%
Services to health care/insurance providers...33%
Staff
Total UR/case mgmt. employees on staff...62
Clients
Total...300
Covered lives/reviewed admissions
Employee benefit plan lives served...1,000,000
Acute care inpatient admissions reviewed...NA
Diverted for outpatient treatment...25%
UR services since: 1985.
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, referrals to alternative settings, written reports.

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Pharmacy price suit may settle

By ROBERT KAZEL

CHICAGO—Employers' prescription drug costs would probably not change under an offer to settle a price discrimination suit that independent pharmacies brought against large pharmaceutical makers.

Though they are offering to pay \$409 million to settle their portion of the suit, 15 companies are indicating no plans to change their volume discount strategy. Currently, independent druggists are charged much higher prices than health maintenance organizations and mail-order drug services.

If the settlement is approved by the druggists and a federal judge in Chicago, more than 30,000 drug-

stores eligible to take part in the class-action suit would share the money. The judge was expected to give preliminary approval late last week.

However, a trade association representing most of the plaintiffs says it will urge its members to reject the proposed offer and insist on bringing the manufacturers to trial.

The Alexandria, Va.-based National Assn. of Retail Druggists criticizes the offer on several grounds, including that the amount is too low.

By agreeing to the settlement, said John Rector, its general counsel, plaintiffs would give up many rights and remedies related to charges that drug companies have violated fed-

eral antitrust laws by conspiring to overcharge them in the past.

In addition, he said, the offer may ban those pharmacists who settle from seeking court orders banning price discrimination or filing future suits should illegal discrimination recur.

The offer would also require the druggists to return or destroy thousands of sensitive documents they obtained from the manufacturers, a requirement Mr. Rector said would place a shroud of secrecy over pricing information.

"I haven't heard a soul who is happy with it," he said of the proposal, adding that his organization will conduct a direct mail and fax campaign to organize opposition

and ask the judge to let pharmacists opt out of the class.

Retail pharmacists for several years have complained that they are struggling because of drug manufacturers' deep discounts to bulk-quantity buyers, and in the suit charged that such actions constituted illegal collusion. The drug makers have denied any wrongdoing.

The drug manufacturers, and the amounts they would pay under the settlement, are: Abbott Laboratories, \$16.4 million; American Cyanamid Co., \$9.6 million; American Home Products Corp., \$33 million; Bristol-Myers Squibb Co., \$33.9 million; Burroughs Wellcome Co., \$11.8 million; Ciba-Geigy Corp., \$41.3 million; Eli Lilly & Co., \$31.6; Glaxo Inc., \$41.6 million; Knoll Pharmaceutical Co., \$4.3 million; Merck & Co. Inc., \$51.8 million; Pfizer Inc., \$31.3 million; Schering-Plough

Corp., \$22.1 million; Warner-Lambert Co., \$15.1 million; and Zeneca Inc., \$15.4 million.

Also, SmithKline Beecham Corp. agreed to pay \$30 million plus a certificate pledging \$20 million worth of a generic ulcer drug to be given to druggists free of charge.

A spokeswoman for Tarrytown, N.Y.-based Ciba-Geigy Corp. said pricing methods will go on as they have if the settlement wins final approval from a judge next month. "We don't believe we did anything wrong and there is nothing in anything the court has said that would make us change the way we price," she said. "We settled really to avoid the expense and the inconvenience of a trial."

Eight other drug manufacturers decided to reject the proposed settlement and challenge the druggists at trial. **B**

Continued from previous page

Occasional services: Review of lab work, patient education, retrospective review, second surgical opinion, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, organ transplant.

Compensation: \$1.75 to \$2.50 per employee per month; \$95 per hour.

Officers: Debra Bock, vp-operations; Linda Graham, precertification manager; Wauneta Atkins, UR director; Nigel Wallbank, president; John C. Coombes, liaison-European division.



United HealthCare Corp.

9900 Bren Road E., Minnetonka, Minn. 55343; 800-662-1264; fax: 612-797-2565

Utilization Review/Case Management	
Staff	
Total UR/case mgmt. employees on staff	1,117
Professionals	1,117
Includes: 64 physicians, 991 RNs, 57 licensed practical nurses, 5 medical record technicians	
UR/case mgmt. employees on retainer	2
Includes: 2 physicians	
Clients	
Total	65,022
Employer/group plans with direct service	64,886
Covered lives/reviewed admissions	
Employee benefit plan lives served	35,800,000
Workers compensation lives served	3,700,000
Acute care inpatient admissions reviewed	801,381
Diverted for outpatient treatment	2.2%
Services since: 1974.	
Parent: UHC Management Co. Inc.	
URAC certified.	
Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, review of lab work,	

patient education, retrospective review, hospital bill audits, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings.

Occasional services: Onsite case management, second surgical opinion, written reports.

Medical services reviewed/managed: Group health, chiropractic, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, home health.

Branch offices: Sacramento and San Diego, Calif.; Glastonbury, Conn.; Tampa, Fla.; Atlanta; Chicago; Westborough, Mass.; Golden Valley, Minn.; Kingston, N.Y.; Columbus and Dayton, Ohio; Oklahoma City and Tulsa, Okla.; Houston; Dunbar, W.Va.

Officers: William W. McGuire, chairman/president/CEO; Travers H. Wills, executive vp; David P. Koppe, CFO; Jeannine M. Rivet, executive vp-operations; Elliot Gerson, executive vp-national accounts/specialty services.

Contact: Scott R. Erhardt, director-marketing services.

United Review Services

67 Walnut Ave., Clark, N.J. 07066; 908-815-0330; fax: 908-382-2035

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$25,000,000
UR gross revenue	\$67,000
Case mgmt. revenue	\$300,000
UR direct to employers	2%
Case mgmt. direct to employers	6%
Services to health care/insurance providers	7%
Other services	85%
Staff	
Total UR/case mgmt. employees on staff	9
Professionals	9
UR/case mgmt. employees on retainer	5
Clients	
Total	21
Employer/group plans with direct service	7
Covered lives/reviewed admissions	
Employee benefit plan lives served	15,000
Acute care inpatient admissions reviewed	53

Services since: 1988.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite case management, review of lab work, patient education, retrospective review, second surgical opinion, hospital bill audits, free prescreening, referrals to alternative settings, written reports.

Occasional services: Telephone case management, outpatient service predetermination.

Medical services reviewed/managed: Group health, rehabilitation, workers comp/disability, pediatric.

Compensation: \$1.25 to \$2.00 per employee per month; negotiable per case; \$75 to \$95 per hour.

Officers: Terry Wallace, president/treasurer; Marie Wallace, secretary; Dorothy Mexemow, vp.

Contact: Marie Wallace, 908-815-0330; ext. 106.

Utilization Management Program

100 10th St., Suite 700, Atlanta, Ga. 30309; 800-229-4867 or 404-265-4867; fax: 404-265-4860

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$490,119
UR gross revenue	\$339,565
Case mgmt. revenue	\$69,554
UR direct to employers	30%
Case mgmt. direct to employers	15%
Services to health care/insurance providers	55%
Staff	
Total UR/case mgmt. employees on staff	6
Professionals	4
UR/case mgmt. employees on retainer	1
Clients	
Total	9
Employer/group plans with direct service	6
Covered lives/reviewed admissions	
Employee benefit plan lives served	51,000
Acute care inpatient admissions reviewed	3,632
Diverted for outpatient treatment	30%

Services since: 1985.

Parent: Georgia Baptist Health Care System.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, onsite and telephone case management, patient education, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, inpatient mental health referrals, written reports.

Occasional services: Review of lab work, hospital bill audits.

Medical services reviewed/managed: Group health, rehabilitation, psychiatric/substance abuse, workers comp/disability, pediatric, home health, durable medical equipment, physical therapy, occupational therapy, speech therapy.

Compensation: \$1.14 to \$1.32 per employee per month; \$75 per hour.

Officers: H. Wayne McElroy, vp-managed care; Thelma Erickson, director; Donna Ray, supervisor.



Value Behavioral Health Inc.

3110 Fairview Park Drive S., Falls Church, Va. 22042; 703-205-7000; fax: 703-876-5644

Utilization Review/Case Management	
1995 revenues	
Total gross revenue	\$210,372,887
UR/case mgmt. gross revenue	\$179,376,842
UR/case mgmt. direct to employers	77.5%
Services to health care/insurance providers	7.7%
Other services	14.8%
Staff	
Total UR/case mgmt. employees on staff	723
Professionals	723
Includes: 52 physicians, 71 RNs	
Clients	
Total	305
Employer/group plans with direct service	280
Covered lives/reviewed admissions	
Employee benefit plan lives served	19,710,000
Acute care inpatient admissions reviewed	56,550
Diverted for outpatient treatment	25%

Services since: 1983.

Parent: Value Health Inc.

Frequent services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, telephone case management, patient education, outpatient service predetermination, outpatient psychiatric and substance abuse services, referrals to alternative settings, written reports.

Occasional services: Onsite case management, review of lab work, retrospective review, hospital bill audits, free prescreening.

Medical services reviewed/managed: Psychiatric/substance abuse.

Branch offices: Irvine and Marina del Rey, Calif.; Wilton, Conn.; Tampa, Fla.; Skokie, Ill.; Boston; Southfield, Mich.; St. Louis; Troy, N.Y.; Research Triangle Park, N.C.; Irving, Texas; Bellevue, Wash.

Compensation: Per employee/covered lives per month; per case/review; per hour.

Officers: Charlton "Chip" Tooke, president/CEO; George Lopiano, chief of staff; Edith Jardine, executive vp-marketing/national sales; Dr. Ian Shaffer, chief medical officer.



Xordium Inc.

P.O. Box 10, Orange, Calif. 92666; 714-771-3733; fax: 714-771-1579

Case Management	
1995 revenues	
Case mgmt. direct to employers	33%
Other services	67%
Staff	
Total case mgmt. employees on staff	1.5
Professionals	1.5
Case Management clients	
Total	17
Employer/group plans with direct service	17
Covered lives/reviewed admissions	
Workers compensation lives served	800
Services since: 1991.	
Frequent services: Onsite and telephone case management, industrial medical provider network.	
Occasional services: Patient education, referrals to alternative settings, written reports.	
Medical services reviewed/managed: Workers comp/disability.	
Compensation: \$55 to \$65 per hour.	
Officers: Karen J. Gillett, president; Fred C. Gillett, executive vp.	



Zurich Insurance Co.

1400 American Lane, Schaumburg, Ill. 60196; 847-706-2406; fax: 847-706-2608

Utilization Review/Case Management	
Staff	
Total UR/case mgmt. employees on staff	16
Professionals	16
Includes: 2 physicians, 13 RNs	
UR/case mgmt. employees on retainer	4
Includes: 4 physicians	
Clients	
Total	260
Covered lives/reviewed admissions	
Workers compensation lives served	70,000
Acute care inpatient admissions reviewed	50
Diverted for outpatient treatment	20%

Services since: 1993.

Frequent services: Preadmission certification, onsite and telephone case management, review of lab work, hospital bill audits, written reports.

Occasional services: Concurrent hospital treatment review, length of stay determination, discharge planning, patient education, retrospective review, second surgical opinion, outpatient service predetermination, outpatient psychiatric/substance abuse services, free prescreening, referrals to alternative settings.

Medical services reviewed/managed: Dental, chiropractic, rehabilitation, workers comp/disability.

Branch offices: Los Angeles and San Francisco; Chicago; Atlanta; Grand Rapids, Mich.; Kansas City, Mo.; Florham Park, N.J.; Melville, N.Y.; Philadelphia and Pittsburgh; Dallas; Milwaukee.

Compensation: \$72 to \$125 per hour.

Officers: T.J. Santorelli, executive vp; M.J. Fortune, senior vp; S. Pappalardo, vp; S. Armstrong, general manager; M.J. Brown, manager-health care services; J. Brett, medical care management.

Contact: M.J. Brown or J. Brett. **B**

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INTERNATIONAL

Lloyd's sets allocations

Rowland optimistic that settlement offers will be accepted

By SARAH GODDARD

LONDON—Lloyd's of London is a step closer to a final settlement offer for members.

The Council of Lloyd's published its decision last week on how to allocate the £2.8 billion settlement fund designed to end litigation and help loss-hit members pay their reinsurance premiums into Equitas Ltd.

A previous settlement offer in 1993 collapsed because it didn't cap names' losses and release names from membership. Also, names complained there was not enough cash on the table (*BI*, Feb. 21, 1994).

Announcing the allocation principles, Chairman David Rowland said he was confident the current settlement will work. "The whole objective of the last three years has been to resolve as fairly as possible the affairs of the society," he said. "We can do this now because we have resources we did not have before." And the present

settlement offer gives members not just "finality" but an exit from the market.

Mr. Rowland admitted the current offer is not perfect but said the allocation procedure in the document is "as fair a way as we can bring about."

A names' committee comprising representatives from across the spectrum of Lloyd's members was set up last July to work out the fairest way of distributing £800 million (\$1.2 billion) in litigation settlement funds and £2 billion (\$3.07 billion) of debt credits (*BI*, July 31, 1995). Chaired by Sir Adam Ridley, the committee presented the Council with its conclusions early last month. Its report, however, did contain some provisional recommendations that can't be finalized until reserves have been set at Equitas.

Members groups have been vociferous in their condemnation of several points in the proposed process. In particular, they unanimously agree that the £2.8 billion

(\$4.3 billion) offer is not enough, though they disagree on how much more is needed.

Sir David Berriman, chairman of the Assn. of Lloyd's Members, said at least £300 million (\$461.2 million) extra will be needed for reconstruction and renewal to succeed.

"I am a supporter of R&R in principle, because Lloyd's in run-off would be a disaster for every name, whether solvent or insolvent," he said. Sir David said he expects Lloyd's to provide additional funds as a result of the discussions still being held between Lloyd's and brokers and auditors.

Lloyd's has proposed a £100,000 cap on the amount above available funds at Lloyd's that members would have to pay. Sir David said a £50,000 cap would be more appropriate.

"There is considerable agreement among action groups that the total sum is not adequate to do this task, primarily to settle lit-

See *Allocate* on next page



Many employers in Mexico supplement government-sponsored benefits with private health coverage. Due to soaring health care costs, some employers are exploring managed care options.

Managed care grows in Mexico

Cost hikes prompt employer shifts

By ROBERTO CENICEROS

MEXICO CITY—An increasing number of employers in Mexico are considering managed care options as private health insurance costs soar.

Basic medical coverage in Mexico is provided to all citizens by the government social security program, to which employers are required to contribute. Many multinationals and large local employers also provide private health insurance as a supplement.

But quality private medical benefits have become increasingly expensive, prompting employers to seek ways to cut costs.

The costs "are getting substantial," said Mary Ann Hajdu-Crowley, manager of international benefits for The Coca-Cola Co. in Atlanta. "Especially the medical benefits. They have really become a serious cost to doing business there."

A 1995 survey by American International Group Inc. found that international benefit managers are increasingly concerned about escalating health care costs and the deteriorating capacity of public health systems in Latin America, as well as in Asia and other regions.

Survey respondents said reining in the rising cost of health benefits in Brazil will be their top priority over the next five years, followed by controlling costs in Mexico.

Overall health care costs in Mexico increased 12% from 1993 to 1994. Double-digit increases were also seen from 1994 to 1995, though it's difficult to come up with a precise figure due to the peso devaluation during that period.

Employers in Mexico could save significantly by implementing managed care programs, according to Beatriz Bojorquez, a health care consultant with Watson

Wyatt Worldwide in Mexico City.

Watson Wyatt recently surveyed 54 employers that account for 22% of the private group health insurance plans in Mexico. Only 2% of the country's population has such coverage.

Of those 54 employers, 48% provide their employees with health care coverage through fully insured traditional indemnity plans. Thirty-five percent have self-insured indemnity plans with stop-loss coverage. The remainder have self-insured plans without stop-loss coverage, Ms. Bojorquez said.

The survey also examined how much employers pay intermediaries for their health care plans.

Insured companies with fewer than 500 employees pay broker commissions equal to about 12% of premiums on average, Ms. Bojorquez said. Meanwhile, small self-insured companies pay claims administration fees totaling about 10% of claims paid on average.

Companies with 500 to 2,000 employees pay broker commissions averaging about 10% to 15% of premiums, the study found. Companies of similar size that are self-insured with stop-loss coverage pay claims administration fees averaging about 18% of claims paid. Employers that are self-insured without stop-loss coverage pay about 12% of claims paid.

Since brokers often get a cut of claims that are filed, they have no real incentive to change the system, Ms. Bojorquez said.

She believes employers will turn to managed care programs with fixed capitated fees to trim their health plan administration costs.

The survey respondents are multinational companies and some of Mexico's largest employers. They tend to be leaders in providing private employee benefits. Despite complaints that medical

See *Mexico* on next page

Lloyd's regulation to be reviewed in 1997

LONDON—The British government again will investigate self-regulation at Lloyd's of London, though probably not before mid-1997, a government minister says.

Trade Minister Anthony Nelson told a House of Commons Treasury Select Committee last week that it would be impractical to conduct the review any sooner because of the need to give Lloyd's time to implement its reconstruction and renewal plan. In particular, a review could damage prospects of success for Equitas Ltd., the reinsurance company being formed to run off the market's pre-1993 liabilities.

While he did not rule out an eventual change in Lloyd's legal status, which could deprive the insurance market of its self-regulatory powers, Mr. Nelson said the proposed £2.8 billion (\$4.3 billion) R&R program should be given a chance to succeed.

Mr. Nelson was responding to a report last year from the Treasury Select Committee that called for a review of the Lloyd's market and for an end to Lloyd's self-regulation in light of massive losses and member litigation. The report had recommended that regula-

tion of Lloyd's be placed in the control of an independent body overseen by the Securities and Investments Board (*BI*, July 17, 1995).

The minister declined, however, to give an assurance that the government would license Equitas, allowing it to take on the outstanding liabilities of Lloyd's investors. He did say that to meet future liabilities, Equitas would have to be capitalized at between £13.5 billion and £14 billion (\$20.8 billion to \$21.5 billion). This is lower than the £16 billion (\$24.6 billion) Lloyd's had estimated last year. An Equitas spokeswoman said the £14 billion figure is more likely, based on claims paid in 1995.

This level of capitalization would be made up of about £12 billion (\$18.4 billion) of funds currently at Lloyd's and almost £2 billion (\$3.1 billion) coming from names.

Mr. Nelson said the market must strike a balance between undercapitalizing Equitas, which could mean names facing further losses, and overcapitalizing, which would deter investor participation.

—By Edwin Unsworth

It could happen to you

British employers buy lottery insurance to cover mass retirements

By CAROLYN ALDRED

LEEDS, England—As lottery fever continues to grab headlines in the United Kingdom, hundreds of companies are insuring themselves against the risk of employees resigning in the wake of massive wins.

Fielding Mann (Insurance Broker) Ltd. of Leeds in northern England is offering up to £300,000 (\$459,000) of insurance coverage to companies that find themselves losing staff as a result of a syndicate lottery win. More than 700 companies already have purchased the policy, underwritten at Lloyd's of London, since its launch last year, said Albert Robinson, a divisional manager with the Leeds-based broker.

Mr. Robinson believes the policy is the only one of its kind. It was created in 1995 after Fielding Mann's managing director suddenly realized how exposed his 85-employee company would be if a group of Fielding Mann employees bought a ticket together, won and all decided to retire, he said. Fielding Mann has purchased a policy.

Britain launched its National Lot-

tery Nov. 13, 1994, and it has become very popular throughout the United Kingdom. So far, the lottery has paid out almost £1.9 billion (\$2.9 billion), according to a spokeswoman from Camelot Group P.L.C., the lottery's organizers.

About 20% of people purchase tickets through syndicates organized among work colleagues, said the spokeswoman. Although lottery winnings are not subject to U.K. income taxes, any gift of money from lottery winnings is taxable. As a result, the formation of syndicates, where all members become winners, can be tax-effective, pointed out the spokeswoman.

As a result, several companies already have had groups of workers winning hundreds of thousands of pounds each, with the obvious risk that they will not show up for work again.

This month, 33 employers of Camden Council, a London Public Authority, which is a municipal governmental body, found themselves joint winners of £10.2 million (\$15.6 million). Fortunately for the council, which had not purchased the lottery

coverage, most winners reported for work the following Monday.

The policy, underwritten jointly by Lloyd's of London syndicates 435 and 218, can be extended to cover other legal lottery-type games in the United Kingdom, such as privately run football pools. The policy has a maximum limit of £300,000 (\$459,000) per location for an annual premium of £300 (\$459). The policy pays out a minimum of two-thirds of the indemnity limit if at least two or more members of a lottery syndicate resign their jobs as a result of a win, said Mr. Robinson.

Although the chance of an employee retiring after winning the lottery may be very remote, the loss of a group of people simultaneously could ruin a small- to medium-sized company, Mr. Robinson said. The insurance covers the cost of replacing lost staff and as a result, companies are buying the policy for "peace of mind," he said.

Mr. Robinson has not heard of similar policies being offered for lotteries in other countries, but noted that the underwriters would consider other ventures. **BI**

INTERNATIONAL

Allocate

Continued from previous page
igation," said John Mays, chairman of the Merrett 418 (1985) Names Assn., which is awaiting the outcome of its quantum hearing in the High Court. He estimated an additional £500 million (\$768.6 million) would be sufficient to get enough names to accept the offer and get Equitas off the ground. Acceptance by 70% or more of the membership by capacity—the same level as the last settlement offer—would be adequate, he added.

Mr. Mays was also confident that the extra funds will be forthcoming. "The ongoing market, brokers and agents can produce more," he said. As for auditors, if they do not contribute, it would give names a target for more money through litigation once the settlement had worked and Equitas is up and running.

That view is shared by Alan Porter, chairman of the Devonshire Names Action Group and Cuthbert Heath Names Assn.

"The auditors should be left out of the settlement unless they show willingness to contribute a really substantial sum," said Mr. Porter. Claims against auditors are running at more than £1 billion, he said, and any agreement to end litigation by accepting the settlement would only include cases brought against members of the Lloyd's community: auditors not contributing to the settlement could still be pursued in court.

The settlement allocation works on two levels. First, there is the allocation of £800 million (\$1.2

billion) to end litigation. This will be distributed to litigating members only—though there may be provisions to include working names who were prevented from joining or made to leave action groups because of possible conflicts of interest.

The first £50 million (\$76.9 million) will be distributed among the litigating groups to cover their legal expenses and the remaining £750 million will be allocated according to the "loss to finality," or those losses for each name up to the point that they are reinsured into Equitas, and the current stage of litigation. So groups that have already obtained a court judgment, including those representing Gooda Walker, Feltrim and Merrett names, will receive 30% to 35% of their losses to finality, while those who have not yet been allocated court dates will get 10% to 20%. If auditors do make a contribution, it will be put into this fund.

After this, debt credits totaling £2 billion (\$3.07 billion) will be allocated in four tranches. The first tranche of £300 million to £500 million (\$461.2 million to \$768.6 million) will be allocated pro rata to each name's loss to finality, for names who have suffered disproportionately high losses.

Tranche No. 2, which will be funded to between £200 million (\$307.5 million) and £300 million, will again be allocated pro rata to finality bills, where those bills are above £50,000 over the value of each members' funds at Lloyd's. Unpaid losses and Central Fund debts will be excluded so that names who have paid their debts

in full are not at a disadvantage.

An additional £1.1 billion to £1.3 billion (\$1.69 billion to \$1.99 billion) has been allocated to the third tranche, which aims to make the program more affordable. It provides the £100,000 cap on funds at Lloyd's, and it is followed by the final tranche of £100 million to £150 million for those names who still cannot afford their finality bills.

Mr. Rowland stressed that the settlement will not exclude any name who is genuinely unable to pay the finality bill.

Names will receive outline statements of their finality bills in the first week of March.

David Robson, chairman of both Anton Members Agency Ltd. and the Lloyd's Underwriting Agents Assn., was certain the figures will not change greatly for most members. He predicted "a lot of people will hardly believe their luck" when the interim statements are issued. Lloyd's says about 5,000 members will receive cash from the settlement, with 9,000 benefiting from the £100,000 cap and 16,000 more finding that the cost of finality is less than their current funds at Lloyd's.

For those who will have to find new sources of funds, there may be information on "quite attractive" loan facilities provided with the interim statements next month, said Mr. Robson. He believes more funds will be on the table by the time the final statements are produced and that the R&R plan will succeed.

"There is such an overwhelming desire for finality for the names on the street," he said. "All they want is to get away." **BI**

Mexico

Continued from previous page
expenses are high, many of them cover procedures and services that were not commonly covered in the past, such as maternity care and well-baby care.

The increase in private health care benefits has come about as multinationals have established themselves in Mexico and other employers have sought to stay competitive.

Employees in most private plans are not required to contribute to premiums, though workers in some cases pay for coinsurance and deductibles.

In addition, many employers lack aggressive cost containment agreements with hospitals and providers, Ms. Bojorquez said, pointing out another reason she expects an increase in the use of managed care.

The majority of the plans in the Watson Wyatt survey duplicate coverage provided under the nation's social security system.

Employers in Mexico are required to contribute to the social security health system for employees, even if the employer is providing private health care benefits. Some employers prefer to provide private health care plans in addition to the state plans since the public systems in Latin America can be inefficient and slow to treat workers. That can be a drag on productivity when employees miss work because of difficulties in obtaining a medical appointment.

Generally, it is not even worthwhile to integrate the country's social security health plans with private coverage, said Ms. Hajdu-Crowley of Coca-Cola, which did

not participate in the Watson Wyatt survey.

"The social security systems are a throwaway for us," she said.

About a year and a half ago, Coca-Cola sought to better control its cost of providing private health benefits for about 600 workers in Mexico by turning to a PPO, Ms. Hajdu-Crowley said.

Coca-Cola arranged the provider network and capitation agreement through a Mexican insurer, she explained.

Mexico's insurance regulators expect employers will opt out of the social security system if social security laws change, said Emma Izquierdo, general director of research and development for the Comision Nacional de Seguros y Fianzas.

Political forces currently are pushing for changes that would significantly slash employer contributions to the state health system if private health plans also are being provided by the employer (BI, Dec. 18, 1995).

Convinced that managed care will establish itself in Mexico, insurance officials in the country are developing regulations for health maintenance organizations and preferred provider organizations.

Ms. Izquierdo could not estimate the number of PPOs or HMOs in the country. But she said the commission is aware that their operations have been increasing and observers say an influx of insurers and medical groups are laying the groundwork or are already providing managed care.

New regulations that would regulate managed care plans as insurers and would determine policy coverage conditions could be in place by year end, she said. **BI**

German fire declared arson

COLOGNE, Germany—A fire that ravaged two warehouses at the main manufacturing plant of Cologne, Germany-based engineering group Kloeckner-Humboldt-Deutz A.G. on Dec. 24 was caused by arson.

Police and fire investigators say their finding is based on interrogation of witnesses and examination of evidence at the scene. The blaze was Germany's largest fire loss in 1995 and one of its worst in recent years, with insured property damage of about 235 million DM (\$160.5 million) (BI, Jan. 8).

Property and business interruption coverage underwritten by a consortium of insurers, led by Gerling-Konzern Allgemeine Versicherungen A.G., is expected to cover the loss.

Payment of claims will not be affected by results of the investigation, a Gerling spokesman said. Both Gerling and KHD have offered rewards leading to the arrest of the person or people responsible for the arson.

—By Don Lewis Kirk

Broker to use capital boost to expand its operations

Stirling Cooke planning acquisitions

HAMILTON, Bermuda—The Stirling Cooke Insurance Group plans to expand its offices and make acquisitions in the United States with new capital invested in the broker by Goldman Sachs & Co.

The undisclosed investment will be made in a new holding company, Stirling Cooke Brown Holdings Ltd., by GS Capital Partners II and other investment funds controlled by New York-based Goldman Sachs.

Goldman Sachs will own 32.5% of the holding company and Stirling Cooke's management will own the remainder, according to Mark Cooke, the group chief executive officer of the insurance broker.

Stirling Cooke specializes in placing workers compensation insurance and alternative market

coverage for workers compensation business, he said.

The broker has offices in London and Bermuda, where it also has a captive management business.

In the United States, it has a managing general agency, a general agency and other offices, Mr. Cooke said.

The insurance broker has annual gross revenues of approximately \$22 million, and the Goldman Sachs investment will be used to expand the broker's operations in the United States, Mr. Cooke said.

"Goldman Sachs is our strategic partner to help us develop our business and that will include opening new offices and making acquisitions," according to Mr. Cooke.

—By Gavin Souter

Asian opportunities on rise

Risks remain but other factors draw businesses to region

By SARAH GODDARD

LONDON—The year 2001 will herald the beginning of the Asian century, said insurance experts addressing a seminar in London earlier this month sponsored by the UNISON broker network.

The rapid economic expansion in the region "has made it fertile ground for investment," said Claire Colton, political risk and credit consultant at Johnson & Higgins Ltd. in London. With the combined gross domestic products of the large area—which she defined as India, Pakistan and China and surrounding countries in Southeast Asia, Northeast Asia and Oceania—running at \$6.5 trillion in 1993, \$260 billion higher than the U.S. GDP, the attraction is obvious. It becomes even more attractive when coupled with a large population.

But there are serious political risk concerns that organizations planning to invest in the region must be aware of before diving in.

For instance, China must contend in the near future with the death of leader Deng Xiaoping, though the aged leader holds no official posts now. However, his death could spark a power struggle, leading to civil disturbance exacerbated as China moves from a state-controlled to market economy.

"There is growing resentment in poorer provinces at the visible enrichment of other provinces and this is exacerbated by financial scandals in the major cities involving huge sums of money,"

said Ms. Colton.

But Alice Chan, Johnson & Higgins' country manager in Beijing, was more upbeat about the business potential in China.

The Chinese insurance industry is developing rapidly, she said. Last year, China authorized a second office in Guangzhou for American International Assurance, a unit of American International Group Inc., and Ms. Chan predicted at least two overseas insurers would receive authorization this year. Insurers also are not burdened by mandatory tariffs.

Chinese property loss control services are 'very poor by Western standards,' says Alice Chan of J&H.

What's more, opportunities are presenting themselves as the Chinese become more aware of liability issues, such as product liability, and the resulting need for coverage.

But there are other problems. For example, claims handling is slow, driven by "guanxi," or relationships, and property loss control services are "very poor by Western standards," Ms. Chan said.

Western businesses currently may only trade in China through a joint venture partnership, and the

Chinese partner must agree on insurance coverage purchased. This means that business rarely will enter the international insurance or reinsurance markets, though the choice of Chinese insurers is set to increase with the new insurance law. Ms. Chan said this will impact the market not just through its mandatory minimum capital requirements and 20% reinsurance but will encourage the formation of new companies. She predicted that five new local companies will be licensed as a result.

Hong Kong, due to be repatriated to China next year, is also the source of some concern. According to Ms. Colton, insurers are watching the situation closely—particularly in light of recent disputes over various items such as Hong Kong's bill of rights, which could indicate that China will not allow Hong Kong much autonomy. "Resurgence in inquiries from risk managers shows concern," she said.

Because of the importance of relationships in Chinese business culture, there also can be problems for businesses operating in Taiwan, toward which mainland China is particularly hostile. Deals with Taiwan can affect business in the People's Republic of China, Ms. Colton said, citing France's 1993 sale of Mirage fighter aircraft to Taiwan.

After that deal, she said, French companies in China lost business. "France's concern at the loss of business was reflected in its decision in January 1994 to halt arms sales to Taiwan." **BI**

Aetna

Continued from page 1

Although it is unknown what attempts, if any, Aetna made to line up an HMO deal before selling its property/casualty operations, its announcement of its intentions has led to a rise in HMO stock prices.

"After the announcement of the sale, it was only natural for the market to say, 'Better go out and buy an HMO stock because Aetna's got \$4 billion burning a hole in their pocket,'" said Gloria Vogel, managing director and senior insurance analyst with Ladenburg, Thalmann & Co. Inc. in New York.

With \$4 billion in cash sitting idle, "the urgency for them to do something increases each month," said Ken Lauden, an HMO analyst with Hambrecht & Quist in San Francisco.

And with the cash "just sitting there," Aetna also becomes an attractive acquisition target itself, said Elizabeth M. Senko, an HMO analyst with Morgan Stanley Group Inc. in New York. "They become lunch instead of a luncheon."

Even without being in the bargaining disadvantage of being in a hurry, Aetna faces this problem: good HMOs are still expensive.

"In order to get a top-notch HMO, if that's what they're looking to acquire, it will have to be at a premium price and one that's a lot higher valuation than their stock has historically traded at, because the good HMOs carry high fees," said Randall Huyser, an HMO analyst at Furman Selz Inc. in San Francisco.

Five years ago, \$4 billion "could have bought the entire publicly owned HMO industry," said Michael LeConey, an HMO analyst with Coleman & Co. in New York. "Today it's a struggle to get one big multi-state operation for \$4 billion."

Aetna is going to have to deal with the issue of price, agreed Larry Mayewski, senior vp at A.M. Best

Co. in Oldwick, N.J. "What can they afford and can they get what they want?"

"The top of everybody's list is PacifiCare, mainly because PacifiCare is the strongest in the Medicare market, and I think that is potentially the biggest opportunity going forward," said Mr. Huyser.

In addition, a West Coast acquisition like PacifiCare seems to make sense because one of the things Aetna would want to do is to "fill the holes where they don't have a sound network in place," said John Hickey, a principal with Kwasha Lipton L.L.C. in Fort Lee, N.J., who noted Aetna is strongest on the East Coast and weaker on the West Coast, where PacifiCare is strong.

On the other hand, PacifiCare lacks a national presence and has never been active in the large-account, administrative services only market that Aetna focuses on, said Mark Jamilkowski, an HMO analyst at Conning & Co. in Hartford, Conn.

Others see no obvious candidates. "When you sit down and look at it really carefully, they've got a tough, long row to hoe," said Mr. LeConey. There is no HMO available for sale "that really fits the profile and has the infrastructure in terms of a... well-seasoned middle- and lower-middle management that has worked together smoothly and has a well-run machine."

There is no one company that meets all the criteria, agreed Morgan Stanley's Ms. Senko. "Personally, my sense is that they're expanding their horizons kind of beyond the HMO purchase. . . . There may be some other use of the cash."

Aetna now has about 8 million people for whom it provides some form of managed care, said a company spokeswoman, who noted that over the past three years the insurer has shifted its business away from traditional indemnity plans.

In a reflection of its focus on large national accounts, it holds either the No. 1, 2 or 3 position in terms of

managed care enrollment in Connecticut, Georgia, Louisiana, North Carolina, Ohio, Tennessee, Texas and Virginia, the spokeswoman said.

Even without an additional HMO purchase, Aetna is already about the fifth- or sixth-largest company in the managed care market, said Jack Doerr, group benefits practice leader for Sedgwick Noble Lowndes in Chicago. "They're not a pushover by any means now in market share."

But that may not be enough for the long term. "On a national managed care landscape there will be relatively few survivors, and I think Aetna's plan, by purchasing a good-sized HMO, is to make sure they are one of the managed care survivors," said Mr. Doerr.

Aetna is likely to make a major acquisition that has a critical mass and clout in term of membership and networks rather than rely on either internal growth, or small, incremental acquisitions, to achieve its goal of becoming a bigger factor in the managed care market, predicted Best's Mr. Mayewski. "A major acquisition is needed for them to make that significant leap quickly."

Aetna's current operation has its strengths and weaknesses, said Kwasha Lipton's Mr. Hickey. On the positive side, "one of their real strengths is their administrative capability. They do get things done."

Other managed care companies often fail to adequately communicate to plan participants, distribute up-to-date directories, provide identification cards or set up 800 numbers, said Mr. Hickey. But "they're pretty good."

Aetna also gives its doctors "a pretty good deal of autonomy" in the way they operate, he said. The flip side of that autonomy, though, is "they don't have as much of an impact on maybe limiting what could be viewed as unnecessary tests."

Its current operation is "not as competitive as they would like it to be," added Mr. Doerr. "I think some of that comes from a business that's

been in effect for a very long time." Only recently has there been an attempt to change the Aetna bureaucracy, he said.

"Aetna needs to define itself in the marketplace. To date it hasn't," said Peter Boland, a health care analyst and president of Berkeley, Calif.-based Boland Health Care Inc., a publisher of health care material.

"They need to distinguish themselves from other large health insurance companies. How does Aetna differ from CIGNA, Prudential?" he asked rhetorically.

A major acquisition could be very difficult for Aetna.

"I think the biggest challenge that they will face if they take over a successful company is to allow it to run in a way they can continue to be successful," said Steve Richter, Los Angeles-based health care practice leader for Watson Wyatt Worldwide in southern California.

"I've seen many acquisitions in the managed care area where the acquiring company comes in and changes procedures and they've changed management and, as a result, the companies aren't nearly as successful as they once were," he said.

"Aetna is attempting to go where no man has ever gone before in the insurance industry, and that is successfully build a big managed health care business, and it's perplexing to many people why virtually no insurance company has been successful in the managed health care business," said Coleman & Co.'s Mr. LeConey.

"I don't think insurance companies have ever been able to really comprehend that an HMO product was a fundamentally better product. As a result, they focused, even when they bought good operations, on the insurance guys in there whose job was to sell product and neglected completely refining and improving the mousetra," he said.

But Aetna may succeed where other insurers have failed, said Mr. Boland. "Up until recently, Aetna has had a very strong bias of not

bringing in new blood," he said. However, "Aetna has begun to do that the last couple of years, and that's been a refreshing change."

"But you're still talking about one of the country's biggest health care bureaucracies that changes at a snail's pace, and management's challenge is to basically build on the best features of both companies," Mr. Boland added.

"They certainly can't impose Aetna's historical culture on a large, new HMO," agreed Sedgwick's Mr. Doerr. "One size does not fit all in that kind of situation."

Despite the potential challenges, some observers say Aetna can still make a successful acquisition.

In some cases, Aetna has already "broken the mold" in their managed care business by putting managed care rather than indemnity people in charge, said Doug Sherlock, president of the Gwynedd, Pa.-based stock analyst Sherlock Co. This "bodes well for the success of their overall health care business," he said.

"I think they're capable of doing it," said Ladenburg, Thalmann's Ms. Vogel. "I think the bigger issue is how long does it take, what happens in the interim. That's why it's to their advantage to move quickly."

"I do think... if they're committed to making this work, and everything I've seen and heard makes it seem they are," that Aetna will be successful, said Mr. Doerr.

In addition, he said, "I think it will help the marketplace because it will add a viable, large, national managed care player to a dwindling number. It will create more competition between those national managed care players and I think therefore it's going to help the employer with multistate sites."

"I also think its going to help employers that are not multi-sited because Aetna is going to have to be more competitive in local markets as well as on a national basis," said Mr. Doerr. **BI**

Quake

Continued from page 2

losses are higher than previously thought.

That program is Investment Risk Assessment System software version 3.2, produced by Risk Management Solutions Inc. of Menlo Park, Calif. It is by far the leading earthquake model used by insurers and reinsurers, even its rivals admit.

Additions to the model—such as insights into the weaknesses of steel-frame buildings and concrete structures gleaned from the 1994 quake—have increased probable maximum loss estimates. With underwriters wanting to attach coverage above those PMLs, their attachment points have now moved up.

For example, insurers that last year participated in a program by writing earthquake coverage excess of \$20 million may want to attach excess of \$40 million. The risk manager in that situation will have to find other means of covering the new gap from \$20 million to \$40 million, Mr. Hudson noted.

Hemant Shah, a senior vp of technology for RMS, attributes much of the change to insurer comfort with IRAS.

RMS probably doubled its customer base in 1994, Mr. Shah said. Many insurers that became customers back then are now more familiar and comfortable with the software and are relying on it more in their decision-making, he said.

"It's actually starting to be used more explicitly in underwriting decisions, and even in some cases now we are starting to see pricing decisions getting driven," Mr. Shah

said.

In the past, insurers used it more to support their underwriting decisions and merely evaluate PMLs, attachment points and layer size, he said. "I think now we are also seeing companies start to use it to actually determine what an appropriate rate or premium might be for the layer and using both the PML perspective and the pure premium perspective to help them make the underwriting decisions," he said.

Other experts point to the impact of the 3.2 version of IRAS.

"All of our clients across the board experienced the same thing," said John Graham, executive vp for

he could not think of a single case in which PMLs had increased solely because of the new version.

Yet the software's impact has been noticed.

"I don't know that we are now going out there and demanding more money for our earthquake exposures," Mr. Spencer said. "I think instead we are more judiciously offering coverage to those risks we know are prone to loss based on their construction, proximity to faults lines, the type of soil on which they sit and a number of other characters."

Reinsurer use of that program and other catastrophe modeling

'I'm looking at any option to slay this dragon,' said W. David Little. 'I'm not saying it's going to be easy. But I don't think (it will be) too much of a problem.'

reinsurance intermediary E.W. Blanch Co. in San Francisco. "They saw their PMLs going up. Our clients' response to it basically has been one of two things: either they increased attachment points so that they were writing business above the PMLs that were indicated by the model, or they canceled business."

But not everyone has seen dramatic shifts because of version 3.2.

Chubb has been using IRAS since 1989, said Scott Spencer, catastrophe manager for property in Warren N.J. While he has seen changes over the entire life of IRAS, he said

software also has reshaped the market. Some have purchased the software themselves. Others will no longer reinsure a risk unless the primary insurer has evaluated it with such software.

They are no longer supporting underwriters who evaluate exposures by "shooting from the hip," Mr. Graham said. They demand the technology because it considers factors ignored in the past, such as construction methods, proximity to faults and soil composition.

"There is a real increase in sophistication in the insurance marketplace," Mr. Graham said. "Com-

panies are picking better risks, and those risks that they are writing are controlling their exposures much more carefully. They are just saying we are going to write this much business and once we get to that limit, or once we get to that PML, we're going to stop writing business."

Yet some risk managers say that while the California market is tough for earthquake coverage, it is not impossible to obtain.

"I'm looking at any option to slay this dragon," said W. David Little, director of risk management for Hilton Hotels Corp. in Beverly Hills. As a property renewal date nears, he has been looking at alternative options in Bermuda and London.

But his research is not driven by fears that coverage is not available, he said. Hilton's hotels survived the Northridge quake with little damage and have a loss history that underwriters respect.

"I'm not saying it's going to be easy. But I don't think we are going to have too much of a problem. But the fact that we are spending a lot of time in Bermuda underscores a lot," said Mr. Little.

Coverage that is available is expensive.

"The first \$5 million usually a property carrier will carry," said John Pinner, assistant treasurer for toy manufacturer Mattel Inc. in El Segundo, Calif. "But then the next \$5 million is really expensive. But I haven't heard that you can't get it covered. People may just not be willing to pay the price. I have heard \$75,000 per \$1 million on prices on that layer from \$5 million to \$10 million." **BI**

Some companies have increased their retention levels to fund coverage for the middle layers.

One multinational company with properties in Los Angeles and San Francisco increased its retention level and brought more of its international assets into its property program, said Dennis Kuzak, a senior consultant for property loss control consultant EQE International in San Francisco.

In that way, the company was able to gain some negotiating leverage with insurers by taking a bigger package to them, he said. The company also helped its position by using EQE catastrophe modeling software to provide it with its own PML estimate and a better understanding of its property engineering.

"(Increased use of catastrophe modeling) is bad news for the consumer from the sense that it does reduce capacity and probably moves attachment points up," Mr. Graham said. "But it's also good news for the consumer in the sense that those companies that are selling the business are being much more responsible and cautious. Ultimately, their solvency will be guaranteed a lot better."

Catastrophe modeling companies came under fire a year ago in California from some lawmakers and consumer activists, who claimed the software was being improperly used by insurance companies as an excuse to jack up rates mainly in the homeowners market (*BI*, April 17, 1995).

Observers said California regulators have been busy with other matters and have not taken up the software issue again. **BI**

Builders band together for comp discounts

SAN FRANCISCO—Associations representing roughly 20,000 California construction firms are banding together to obtain discounts on workers compensation coverage.

The groups have formed an alliance called the Golden State Builders Exchange, which will enable its members to take advantage of a

12% group discount on workers compensation premiums offered by the San Francisco-based State Compensation Insurance Fund of California.

The firms now account for about \$43 million in premiums with the discount, said J. Kent Dagg, president of Golden State and executive director of the Shasta Builders Ex-

change in Redding, Calif.

Shasta Builders is one of 29 exchanges participating in Golden State. An exchange is an association of construction and construction-related businesses that provides a variety of services to its members, including job information and group health and workers comp insurance.

There are no immediate plans for Golden State to become involved in any other group insurance programs, said Mr. Dagg, who added that construction firms in California have the "highest rates going" for workers comp coverage.

Golden State will also promote safety programs among its member exchanges, said Mr. Dagg. "We'll have better access to safety materials for the employees and employers."

In addition, because of its size the group will be much more effective in getting the State Fund's attention on workers comp claims than a single account, said Mr. Dagg.

The competitive State Fund accounts for about 19% of the state's workers comp premiums and issues policies for about half of California's businesses, according to Matthew Kelleher, manager of group sales.

—By Judy Greenwald

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Risk/Employee Benefits:	
Vice Presidents, Directors, Managers, and other related department personnel of insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations	17,213
Sub-total	30,164
Associations	311
Government, Unions and Educational Institutions	881
Commercial Consumers	
Sub-total	31,356
Insurance Agents and Brokers	8,013
Insurance Companies	7,685
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Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers	1,858
Others Allied to the Field	1,091
Total Qualified	53,589
Non-qualified	7
Single Copy Sales	0
TOTAL CIRCULATION	53,596

★ Source Business/Occupational breakdown of qualified circulation, November 27, 1995 Issue, as submitted to BPA for December 1995 BPA Publisher's Statement

401(k)

Continued from page 2

employees. Ninety-one percent of the surveyed companies that offer plans offered four or more investment options in 1995, up from 84% a year earlier. And on average, plan sponsors offered 6.2 investment options in 1995, compared with 5.4 in the prior year.

Plan sponsors also are doing more to teach participants about investing and saving. While summary plan descriptions, newsletters and pamphlets remain the most common tools, videos and computer software are becoming more popular.

Two-thirds of the plan sponsors said they used videotapes for group viewing and 29% said they had videos for home use in 1995, compared with only 28% and 12%, respectively, the year before. Additionally, while 17% said they offered interactive computer programs for home use in 1995, only 6% did so in 1994.

Despite these efforts, participation rates have hit a plateau.

"It's a little troublesome to see the participation rate stuck there," said Richard Koski, a principal and benefit consultant for Buck in Secaucus, N.J.

As more employers move from defined benefit to defined contribution plans, he said, they need to figure out how to attract the remaining 20%, often people who cannot afford to set aside money.

Mr. Koski suggested that plan sponsors become even more focused on educational efforts and "feed an account with a few dollars" as a means to entice wider participation.

Other findings in the survey include:

- Ninety-two percent of plan sponsors make matching contributions to the 401(k) plan. The most common matching formula—used by 61%—is a fixed amount per dollar contributed by employees, limited to a maximum percentage of an employee's contribution. Among those sponsors, the average match was \$0.61 per dollar up to a maximum of 5.1% of compensation on average.

- The five most common investment offerings: stable value funds, offered by 72%; balanced funds, 66%; growth stock funds, 56%; growth & income stock funds, 54%; and money market funds, 46%.

- Eighty percent of the plan sponsors said their 401(k) plans have loan features. Of those offering loans, 73% set the minimum at \$1,000, 19% at \$500 minimum, and 3% have no minimums. The remainder use various amounts.

- Half of the plan sponsors provide daily valuations of participant accounts, while 24% offer monthly valuations and 21% use quarterly valuations. The remainder use weekly, semi-annually or annually valuations.

- Fifty-eight percent of the plan sponsors in 1995 provided telephone voice response systems for participants to obtain or change plan information, compared with only 46% in 1994 and 35% in 1993.

- Thirty-eight percent of the plan sponsors said they also sponsor non-qualified defined contribution plans. Of those, 16% said they established these plans in response to the \$150,000 statutory limit on 401(k) deferrals imposed by the Omnibus Budget Reconciliation Act of 1993. Six percent said they intend to install an excess contribution plan within the next 12 months, while 56% have no such plans.

Single copies of "401(k) Plans: Employer Practices & Policies" are \$150. Contact Carolee Martin, manager of marketing, Buck Consultants Inc., 500 Plaza Drive, Secaucus, N.J., 07096-1533; 201-902-2555.

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Oxley

Continued from page 1

Management Society Inc. and director-risk management for CF Industries Inc. in Long Grove, Ill.

Environmental groups are cool to the idea of changes in the Comprehensive Environmental Response, Compensation and Liability Act, under which polluters can be liable for dumping that was legal at the time it was done.

"It's beginning to be an episode of 'Groundhog Day,'" said Rick Hind, legislative director of the Greenpeace Toxics Campaign in Washington, referring to a movie in which the main character was compelled to relive Groundhog Day over and over.

"These same proposals were considered in 1986—the last major Superfund reauthorization—with a Republican-controlled Senate and were rejected," said Mr. Hind.

"Any serious studies of the program show that the liability works and from our viewpoint the cleanup standards aren't strong enough."

But, he added, "with this Congress, people constantly need to be vigilant. A pro-polluter Swiss cheese Superfund could be passed any midnight between now and before they leave for their re-election campaigns in October."

The House Commerce Committee is expected to take up the amendment next month, probably during the week of March 11.

Rep. Oxley indicated last year that he wanted to scale back retroactive liability under Superfund as far as possible. But the version of

H.R. 2500 approved in the fall by the Commerce Committee's Commerce, Trade and Hazardous Materials Subcommittee, which he chairs, focused on small businesses' liability (*BI*, Nov. 13, 1995).

However, that measure also would have given companies up to a 50% discount on the cleanup costs associated with retroactive liability. That discount became a lightning rod for critics of retroactive liability repeal.

Rep. Oxley went back to the drawing board. An indication of what the amended bill might look like came last month when Commerce Committee Chairman Thomas Bliley, R-Va., spoke about Superfund during a meeting of the U.S. Conference of Mayors. Rep. Bliley said he would seek to eliminate retroactive liability for generators and transporters of waste to multiparty Superfund sites, while retaining it for owners and operators of waste sites.

A proposal offered recently by the Business Roundtable also advocated repeal of retroactive liability for transporters and generators at multiparty sites and proposed funding expedited cleanup of sites and reimbursement of companies through a new, unspecified business tax.

Business groups expect Rep. Oxley to follow the path indicated by Rep. Bliley.

"The retroactive liability discount that was formulated in the original bill ran into severe political opposition at the subcommittee. Democrats appeared to have a field day in attacking it and labeling it as a pay-the-polluter proposal. Republicans in turn lost the high

Environmental plan preview

WASHINGTON—A glimpse of the White House's election-year strategy for environmental regulation has been leaked by the President's Council on Sustainable Growth.

The council, which will offer its formal report to President Clinton next month, generally favors keeping the existing environmental regulatory framework in place but allowing companies some flexibility in how they curb pollution.

A council spokeswoman confirmed that excerpts from the report in *The New York Times* last week were authentic. But, she added the report does not address any particular government programs, including Superfund.

The council recommends that existing environmental regulations, including such things as deadlines, inspections and standards, continue in place. Companies exceeding current environmental standards would be able to seek less costly—but no less effective—ways to curb pollution.

"But this flexibility must be coupled with accountability and enforcement to ensure that public health and the environment are safeguarded," the report said.

The council was formed by the president in 1993 and, like many other White House initiatives, is designed to promote cooperation and consensus-building among groups that are not always allied. In this case, the council's membership consists of governmental, environmental and business representatives. The group, which has had a low profile, is not regarded as a policy powerhouse in Washington.

While further details of the council's report are unlikely to emerge until the president receives the document, the head of one prominent regulatory reform group gave it at least a lukewarm reception.

"To the extent the report favors flexible compliance and use of market mechanisms, we think it's a positive step," said John Cohen, executive director of Alliance for Reasonable Regulation, a business-backed group affiliated with the National Assn. of Manufacturers in Washington.

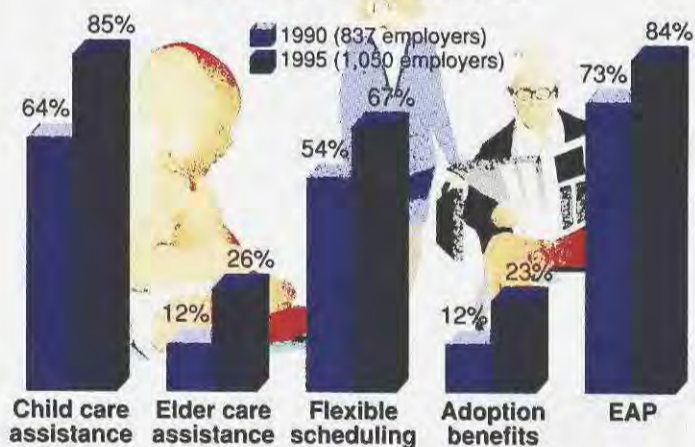
—By Mark A. Hofmann

ground in arguing that their real intention was to rid of the system of lawyers and expedite Superfund cleanup," said Peter A. Lefkin, vp-federal affairs for Fireman's Fund Insurance Co. in Washington. "The latest statement by Chairman Bliley clearly indicates that the Republicans are back on track and

the measure has a better chance of gaining bipartisan support."

"My impression is that the process now for a couple of months has been moving in the right direction," said Joel Wood, vp-government affairs for the Council of Insurance Agents & Brokers in Washington.

Work and family benefits 1990 vs. 1995



Source: Hewitt Associates L.L.C.

GRAPHIC BY MIKE GARVEY

Work/family benefits are making steady gains at many companies

By DEBORAH SHALOWITZ COWANS

Slowly, but surely, the American workplace is becoming more family friendly.

Though the number of employers offering benefits designed to help workers cope with family obligations increases only slightly each year, such benefits have made notable gains over the past five years.

For example, last year 85% of employers offered some form of child care assistance—up from 64% in 1990—and 26% offered some type of elder care assistance, up from 12%, according to a He-

More companies are offering work and family benefits and others are expanding their offerings, says Carol Sladek.

witt Associates L.L.C. survey of 1,050 employers.

The growth of so-called work and family benefits over the past five years can be attributed both to more employers offering the benefits and to individual employers expanding their offerings, according to Carol Sladek, a work/life specialist at Hewitt's Lincolnshire, Ill., headquarters.

For example, employers that five years ago offered only child care assistance now might also offer elder care assistance and flexible scheduling arrangements to employees.

Child care assistance remains the most common work/family benefit.

Dependent care spending accounts remain the most common way employers help workers with child care needs. Last year, 96% of those employers that offered child care assistance offered a dependent care spending account; the next most common child care program was resource and referral services, offered by 40%.

Other child care assistance programs, in declining order of prevalence, include: sick or emergency child care; subsidized and non-subsidized near- or on-site child care centers; employer-arranged discounts with local child care

The Business Roundtable proposal "offers the best opportunity for the business community to coalesce behind a single proposal," he said.

"I expect March to be a very busy month on Superfund," said Mr. Wood, who added, "I feel comfortable that even though the Senate activity has not been as strong as the House...they're equally committed to producing a bill this year."

"Our hope is that there will be some movement in March in both the House and Senate," said Theresa K. Larson, director-environmental quality for the National Assn. of Manufacturers in Washington.

"We continue to be ready and willing to work to get something done this year. We understand there are hurdles to be cleared, but we do remain optimistic," she said, citing the limited time in the congressional calendar before elections as a significant hurdle.

The Alliance's Ms. Rochman cited another probable hurdle in the fact that the House and Senate bills will probably differ significantly in the cutoff date for retroactive liability.

Rep. Oxley, for example, supports eliminating penalties for acts that were legal when they took place and that took place before 1987, the time of the last major overhaul of the law. The Senate's chief reform advocate—Sen. Robert Smith, R-N.H.—has consistently backed a cutoff of Dec. 11, 1980, the day Superfund took effect. Such differences would have to be resolved by a conference committee. **BI**

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Bomb

Continued from page 1
enter the buildings.

Mr. Lucas said it was too early to say whether claims to Pool Re would reach the £75 million (\$115.3 million) mark—the trigger point at which this year's 20% discount on rates and 40% premium reduction would be revoked. But worries that Pool Re's rates would increase as a direct consequence are unfounded, he said. "Rates themselves are not changing," said Mr. Lucas.

At Lloyd's, however, rates will increase now that there is a higher terrorist threat, Mr. Dumas said. That threat was underlined when another bomb was disarmed in London's theater district on Thursday.

The facility Mr. Dumas leads, backed by a number of large brokers and the British Insurance & Investment Brokers Assn., is more flexible than the coverage provided by Pool Re, offering insurance for specific buildings rather than a company's complete property portfolio.

Given the reaction to the previous two central London explosions, both Mr. Dumas and Mr. Donald expected additional requests for quotations.

"Now people perceive that there is a higher risk," said Hiscox's Mr. Donald, "and rates are going up." There is plenty of capacity available at Lloyd's for the greater demand, he added.

Although there was some renewed interest in terrorism coverage, Pool Re's Mr. Lucas doesn't expect it to be substantial. Many companies have already bought the coverage and Pool Re's renewal rates are exceeding 90%, he explained.

Of the buildings affected in Docklands, he was aware of only one that was not insured. However, individual tenants—frequently small businesses—may not have bought terrorism coverage, he said.

The bomb exploded in an area beneath the elevated Docklands Light Railway, close to South Quays sta-



AP/WIDE WORLD

It may take insurers some time to estimate damage from devastation such as this near the center of the Feb. 9 Docklands blast. At top is the Docklands Light Railway bridge.

tion. Between 500 and 1,000 pounds of explosives had been packed into a flat-bed truck, and its location under a shopping plaza had spread the blast outward.

This, according to loss adjuster Stewart Green of Thomas Howell Group, helped account for what appears to be lower damage levels than seen in the 1993 Bishopsgate bombing in London's financial district (*BI*, May 3, 1993). "Many of the buildings in Bishopsgate were much older and the construction was different," he explained.

In addition, Docklands buildings are built farther apart than buildings in the City of London. The distances between buildings would have dissipated the impact of the blast, according to Chris Brett, technical director of Kingston-based Willis Corroon London Ltd. "Blast does funny things," he said. "It is unpredictable where it is directed and funneled."

The bombing was a wake-up call, though many people had not dropped their guard during the 17 months of peace, said David Bull, chairman of Assn. of Insurance &

Risk Managers in Industry & Commerce.

But risk managers must re-emphasize the need for vigilance and good house-keeping—like monitoring parking lots effectively, and ensuring there is control of access to buildings. Risk managers should review their approach to terrorism insurance, their procedures for managing risk generally and their contingency plans, Mr. Bull said.

By the end of last week, Willis Corroon's Mr. Brett had noticed his clients becoming more aware of the terrorism threat, though he added "my advice is to remember that there are terrorist organizations apart from the IRA."

During the ceasefire, London was hit by two explosions of bombs placed by Middle Eastern groups. Both led to claims on Pool Re.

"There is a need for sensible precautions and vigilance," said Mr. Brett, "and for proper disaster recovery planning. Insurance is really a last line of defense. We want to eliminate as much risk as possible to stop losses... in the first place."

CIGNA

Continued from page 1

those liabilities allows its active operation to attract an A- rating from A.M. Best Co. That is the lowest rating that still would be attractive to quality business, CIGNA officials have said. Without that rating, CIGNA's property/casualty insurance operations could face financial peril, they said.

Critics—who argue they need more information to assess CIGNA's funding for long-tail claims—also were somewhat buoyed despite a court defeat last week.

Pennsylvania Commonwealth Court President Judge James G. Colins on Tuesday refused to stay Insurance Commissioner Linda Kaiser's Feb. 7 ruling until the court hears arguments on the plan's merits and how she conducted public hearings on the transaction.

However, Judge Colins scheduled an April 17 hearing before a full seven-judge panel of the court. A full-panel hearing is a rarity, which suggests the court considers the case tremendously important, said policyholder attorney John N. Ellison, a partner with Anderson Kill Olick & Oshinsky P.C. in Philadelphia.

Typically, a three-judge panel hears a case, and the losing party may ask the full court to review the decision. "That's rarely granted, and I'm not aware of any case when it was granted off the bat without any party requesting it," he said.

CIGNA's plan entailed dividing Insurance Co. of North America in two. The entity retaining the most li-

abilities was merged with a few other CIGNA units to form CCI Indemnity Co. Literally moments later, CCI was folded into Century Indemnity Co., an existing CIGNA unit, which is the lead runoff company.

The runoff company now covers about 80% of CIGNA's long-tail liabilities. The other half of INA, which retains the INA name, continues as part of CIGNA's active operation. The active operation's long-tail liabilities are 100% reinsured by the runoff operation.

CIGNA officials have estimated the runoff operation would have more than \$7 billion of assets over its existence to pay long-tail claims.

In addition, if the runoff operation's surplus drops to \$25 million from its original \$200 million level, the entity would have access to a working capital fund of at least \$50 million, which the active operation would provide. On top of that fund, the active operation provides \$800 million of excess-of-loss reinsurance.

CIGNA officials say the plan will fully fund the insurer's long-tail liabilities three times over, but critics doubt that.

Missouri and Michigan departments have been among the strongest critics of the plan among regulators, though neither was among the eight states whose approval was required. They claimed CIGNA could not unilaterally move policyholders from one insurer to another insurer that they said is unlicensed. They argued CCI is unlicensed, since the new INA retains the states' licenses.

Therefore, these regulators argued, CIGNA's policyholder transfer amounted to a novation, requiring

prior policyholder approval.

But CIGNA modified the plan shortly before obtaining Ms. Kaiser's approval. It fashioned a reinsurance agreement under which Century and CCI simultaneously would cover policyholders that are transferred out of CIGNA's active operation. The result is that policyholders always are covered by a licensed insurer.

Michigan regulators also questioned the runoff operation's financial strength, though they liked the additional \$300 million of excess-of-loss reinsurance and the new \$50 million working capital fund that CIGNA agreed to provide to get Pennsylvania's approval (*BI*, Feb. 12).

The Missouri deal does not alter the process CIGNA would use to transfer its Missouri policyholders to the runoff operation. The deal is outlined in a Feb. 10 letter from Steven C. Divine, director of the department's financial division, to James F. Meehan, CIGNA's assistant general counsel. Mr. Meehan signed a post-script acknowledging he received and agreed to the terms.

CIGNA has no more than 45 days after it executed its reorganization to notify all of its Missouri policyholders whose coverage is moved to the runoff operation. Policyholders have 90 days to file a complaint, and CIGNA has 90 days after that to settle with the policyholders.

If no agreement is reached, the department will work with both sides. If CIGNA and its policyholder still remain at odds, "the department will adjudicate the rights of the parties."

That phrase does not suggest the department may move Missouri policyholders into the runoff operation

Blast curtains to prevent the scattering of broken glass and plastic-coated and laminated windows are just two of the ways that the danger to people inside buildings can be reduced, he said.

Experts also recommend using closed-circuit television cameras to monitor sites like the exteriors of buildings and parking lots. Not only can the cameras raise the security levels for property, but they can also help in identifying culprits. Police are in fact reviewing scores of tapes from closed circuit cameras in the hopes of learning more about the Docklands bombing.

It wasn't just commercial property that was damaged in the Docklands explosion.

Public housing developments in the Tower Hamlets district north of the blast area suffered damage with thousands of windows broken and doors blown off their hinges. The Barkantine Estate housing development was particularly badly hit with more than 500 homes affected.

The Tower Hamlets local authority has been self-insured since the windstorms of January and February 1990 and the collapse of specialist local authority insurer, Municipal Mutual Insurance Ltd. in 1992. A spokesman for the housing authority was satisfied that its self-insurance fund will "more than cover the costs of damages," though he would only estimate the amount to be "in the hundreds of thousands of pounds."

District surveyors have inspected more than 250 buildings—including all those within a mile of the explosion. Many are still inaccessible to the public, and the nine at the blast center carry dangerous structure notices. Each owner, in association with their insurers, will eventually have to make a commercial decision about the viability of refurbishing or completely rebuilding.

It will be many days before damage can be assessed in some of the worst-hit buildings in Docklands, and many months before the full extent of the blast's losses will be known. **BI**

Records often lost in disaster shuffle

LONDON—Risk managers preparing for disasters do some things very well.

For instance, disaster planning is usually at its most sophisticated on the information technology side, said Chris Brett, technical director of Kingston-based Willis Corroon London Ltd.

Ironically, the Docklands area, where a bomb earlier this month killed two, is the site for several companies' computer back-up facilities, though there has been no evidence of any blast damage.

Documentation, by contrast, is often not given much thought.

Helene Donnelly, founder of London-based Data & Archival Research Ltd., is trying to retrieve documents damaged in the blast. She had done similar work in the aftermath of the Bishopsgate bombing in 1993.

She pointed out that general good-housekeeping—such as closing filing cabinets and operating a clear desk policy—can dramatically lower losses. Papers that are blown out of buildings, either by the initial blast or by subsequent exposure, are often sequestered by investigators and rarely make it back to their owners.

Other problems of document retrieval include collating the retrieved paperwork.

Her company will spend a day familiarizing itself with the client's record system to make sure papers do not end up in one large muddle. Also, paperwork in buildings that have been exposed to the elements for a long time is likely to be wet, which can lead to bacterial contamination.

Some documents have been retrieved but were so badly contaminated that they had to be destroyed, she said.

—By Sarah Goodard

over their objections, Mr. Divine said in an interview. If a policyholder wants to remain in the active operation, "that's what we'll do."

The department's ruling would be final, but the losing party could appeal to a state appellate court, a department spokesman said.

"I think it's a great idea" that Missouri policyholders can choose which CIGNA operation will cover their claims, said Lawrence T. Hoyle Jr. of Hoyle, Morris & Kerr of Philadelphia, who represents several CIGNA policyholders and rival insurers.

One policyholder that will not have to choose is McDonnell Douglas Corp. of St. Louis, one of many policyholders that fought the plan.

CIGNA last week settled its coverage dispute with the giant aerospace manufacturer for "100 cents on the dollar—easily," a source said. The amount—about \$35 million—was an "unexpected largess," considering the net present value of its environmental liability was \$20 million to \$25 million, the source said.

As part of the settlement, McDonnell Douglas agreed to ask the Missouri department to withdraw its objections to CIGNA's plan. The company also agreed to assert the plan is in policyholders' best interest.

CIGNA is "pulling out all stops" to ensure its reorganization plan survives, the source said.

CIGNA officials "deeply dispute that characterization" of the settlement, a spokesman said. CIGNA settled the dispute through a process it has long used to resolve coverage disputes, he said.

Meanwhile, at least two other states are seeking a deal similar to

Missouri's.

Michigan regulators are negotiating with CIGNA for at least as strong a deal, said John Schoonmaker, director of legal resources at the Michigan Insurance Bureau.

California, one of the states that was part of the plan approval process, also will ask CIGNA for a similar deal. A condition of the state's approval was that California policyholders receive equal treatment if another group of policyholders representing 5% or more of the transferred policyholders strike a deal with CIGNA, according to Deputy Commissioner Norris Clark.

But other states do not plan to go back to CIGNA.

Pennsylvania law does not require prior policyholder approval of the CIGNA transaction, a department spokeswoman said.

The insurer already has complied with Illinois laws to gain the state's approval to reorganize, so regulators there do not intend to go back to CIGNA, explained John Palombi, an Illinois department attorney.

Ohio will not approach CIGNA because the state's role involved approving the redomestication of a CIGNA company to Pennsylvania, explained Deputy Commissioner David J. Randall. That will have little impact on Ohio policyholders, he said.

Texas will not go back because of the "massive amount" of resources spent evaluating the plan before approving it, said Jose Montemayor, associate commissioner for the department's financial division.

New Jersey and Indiana regulators also do not plan to seek a similar deal from Missouri, officials said. **BI**

Georgia

Continued from page 2

sioner John W. Oxendine issued the one-page directive on Dec. 19, 1995, in response to requests by three health insurers for permission to write the coverage, Deputy Commissioner Jim Beck said.

"For an insurer to offer insurance coverage to domestic partners, the relationship between the individuals to which coverage is offered must meet the requirements of a ceremonial or common law marriage" under Georgia statutes, Mr. Oxendine wrote. "To allow otherwise would be contrary to the public policy of the state of Georgia."

In two separate bills, Georgia's House of Representatives last week voted against allowing same-sex marriages, Mr. Beck noted.

Atlanta's City Council recently attempted to extend health care coverage to same-sex domestic partners of employees.

But, in March 1995, the state Supreme Court ruled that Atlanta had no authority under its home-rule power to offer the benefit. Extending that coverage would run counter to Georgia laws that prohibit same-sex marriages, sodomy and fornication, the court said.

Regardless of Mr. Oxendine's personal objections to same-sex unions, he has "a real practical problem" with the concept of allowing domestic partners coverage, Mr. Beck said.

"How do you define when it starts and stops?" he asked. An employer easily can determine whether heterosexual employees are entitled to spousal coverage because that group can legally marry and divorce, Mr. Beck said. But, same-sex couples cannot legally marry in any state, so determining when their relationships begin and end is problematic.

The commissioner's justification

for prohibiting the coverage "is a red herring intended to cover up for the anti-gay sentiment that appears to motivate this policy," said Suzanne B. Goldberg, an attorney with the Lambda Legal Defense & Education Fund Inc., a New York-based gay-and lesbian-rights organization.

Employers do not typically require legally married employees to produce marriage licenses or divorce decrees so they can determine when spousal coverage should begin and end, she said.

Lambda is determining how to respond to the Georgia directive.

The directive is "just a smoke screen," said J. Kelly Strader a professor at Southwestern University Law School in Los Angeles. "In practice, it's proved to be relatively easy to administrate. And if it couldn't be, carriers wouldn't offer this coverage."

Employees who apply for domestic partners coverage typically are asked to prove they cohabitate with a partner, show that there is a financial interdependence between them and sign an affidavit that they are in a long-term relationship with their partner, legal experts said.

Employers generally establish the eligibility guidelines, though insurers offer suggestions, noted Jim Viola, counsel in Springfield, Mass., for Massachusetts Mutual Life Insurance Co., which has unsuccessfully sought to write the coverage in Georgia.

Georgia Deputy Commissioner Beck also said that allowing insurers to write domestic partners coverage could result in inadequate premium for the insurers, which would have an expanded risk pool. That's because the partners of employees would be receiving coverage at a lower cost than if they had purchased individual coverage, he said.

"Carriers wouldn't provide it if it weren't economically feasible,"

Professor Strader responded. "These arguments are all a pretext for making political points."

Mr. Viola said he did not see the difference between offering domestic partners coverage and spousal coverage.

Mass Mutual, like many other underwriters of domestic partners insurance, originally charged domestic partners coverage beneficiaries more than they charged married couples for spousal coverage, Mr. Viola said. But, insurers determined that domestic partners were no greater health risks than married couples, he said. Premiums under Mass Mutual's domestic partners and spousal plans are identical now.

The directive could face an ERISA hurdle, noted attorney Ira M. Golub, a partner with Proskauer Rose Goetz & Mendelsohn of New York.

The directive raises the question of whether Mr. Oxendine's directive constitutes a state insurance law that would be subject to ERISA's insurance savings law provision, Mr. Golub said. If a court ruled the directive is not a state insurance law, the federal Employee Retirement Income Security Act should pre-empt it, he said.

But, ERISA attorney Nancy G. Ross, a partner with McDermott, Will & Emery in Chicago, said "there is a good possibility" that ERISA's insurance savings law provision would protect the directive.

Calling this ERISA issue "one of the murkiest," she said the Georgia directive "seems to be much more related to the regulation of insurance" than was the New York state's surcharge on hospital bills paid by commercial insurers and HMOs. The U.S. Supreme Court last year narrowed ERISA's pre-emption provision when it upheld New York's right to impose the surcharge (BI, May 1, 1995). **BI**

Updates

GE seeks ex-EMLICO unit

FAIRFIELD, Conn.—General Electric Co. will soon seek Massachusetts Insurance Department approval to acquire Electric Insurance Co., a former unit of now-insolvent GE insurer Electric Mutual Liability Insurance Co. Ltd.

The price, which will be set when the deal is closed, is expected to be about \$125 million, a GE spokesman confirmed.

Electric Insurance was a unit of EMLICO until last June, when it was spun off into a Delaware trust as part of a reorganization plan. In the plan, Electric Insurance assumed EMLICO workers comp and other business while EMLICO kept decades worth of GE environmental and asbestos liabilities and moved from Massachusetts to Bermuda.

EMLICO soon collapsed, reporting a reserve shortfall that would leave it insolvent by more than \$500 million and triggering reinsurer lawsuits against the Massachusetts department (BI, Dec. 11).

EMLICO remains the beneficial owner of Electric Insurance through the Delaware trust and still reports its investment in its former unit as an asset. Since GE is EMLICO's sole creditor, GE ultimately will likely recoup what it pays for Electric Insurance, observers say.

Meanwhile, A.M. Best Co. data shows that EMLICO—which drew virtually all of its business from GE—paid policyholder dividends totaling about \$500 million from 1980 to 1990. Dividends dropped to \$1.5 million in 1991 and to zero by 1994, says Best. David F. St. Laurent, EMLICO's president, said the cutback did not result from recognition of impending environmental and asbestos liabilities.

Briefly noted

Directors and officers liability insurance will pay \$1.05 million to settle a **shareholder class action suit** against Worcester, Mass.-based Cambridge Biotech Corp. Shareholders will also get 25% of the equity in a new biotech firm to be formed as part of Cambridge Biotech's Chapter 11 reorganization plan. . . . The U.S. Labor Department is investigating Richmond, Va.-based **Trigon Blue Cross/Blue Shield** for allegedly failing to pass on negotiated medical discounts to corporate clients for whom it acted as third-party administrator. Trigon denies any wrongdoing. . . . The 3rd U.S. Circuit Court of Appeals last week let stand a Jan. 4 ruling by a three-judge panel that forces **UNISYS Corp.** to stand trial in district court in Philadelphia on the issue of whether fiduciaries violated prudence duties by buying Executive Life Insurance Co. guaranteed investment contracts for 401(k) participants (BI, Jan. 22). Those GICS are now frozen due to ELIC's insolvency. . . . An **oil spill** from the grounding late Thursday of the tanker "Sea Empress" near Texaco Inc.'s oil refinery at Milford Haven, Wales, was limited to around 6,000 tons of the vessel's total cargo of 128,000 tons of North Sea crude. Texaco self-insures its cargoes. . . . **Employment-based health insurance costs rose 0.5% in 1995**, said the Bureau of Labor Statistics.

Dow

Continued from page 1

plant suits. Corning has not been found liable.

Dow Corning sold 1.3 million implants worldwide between 1964 and 1992, 750,000 of them to U.S. women. About 19,000 individual lawsuits and 46 class actions have been filed against Dow Corning claiming the implants were defective and impaired or threatened the health of recipients.

After Dow Corning's insurers stopped paying defense and indemnity costs related to the suits, it sued 73 liability insurers in 1993 (BI, July 12, 1993). Two years later, it cited insurers' unwillingness to pay as part of the reason for its bankruptcy filing.

Last Wednesday, a Michigan state court jury sided with the Midland, Mich.-based manufacturer, ordering the remaining 30 insurers to pay claims related to the costs of settling and defending against breast implant lawsuits.

The court still has to determine the exact amount of damages and defense costs to be reimbursed under a total of 395 liability policies issued from 1962 to 1985, said Dow Corning's lead attorney, Robert A. Marsac, a partner with Wise & Marsac in Detroit.

At issue in the trial, which lasted several months, was whether, as the insurers alleged, Dow Corning misrepresented the risks of implants and concealed from insurers any significant facts that may have affected its ability to obtain liability coverage.

"We're very satisfied with the

verdict," said Mr. Marsac. "The result of this favorable verdict vindicates Dow Corning legally, with respect to its products, and upholds the integrity of Dow Corning's people."

While Dow Corning was celebrating late last week, insurer attorneys offered this admonition: "This is just one battle; the war is by no means over," asserted Mitch Lathrop, a partner with Luce, Forward, Hamilton & Scripps in New York who represented Westport Insurance Co. in the Detroit litigation. "There are still significant trigger-of-coverage issues."

Insurers, he said, plan to appeal the jury verdict, as well as an August 1995 decision by Wayne County Circuit Court Judge Robert J. Colombo that, under Michigan law, coverage was triggered at the time of implant.

"The Michigan Supreme Court has not spoken on coverage trigger, but the appellate courts have all said it's injury in fact," said Mr. Lathrop. Under the injury-in-fact trigger, coverage is only triggered when the injuries occur.

Insurers also will probably assert that the jury was prejudiced by the news released during trial that an American International Group Inc. subsidiary, which was one of Dow Corning's largest insurers, had decided to settle out of court, he added. Two other AIG defendants remained in the case.

Meanwhile, objections that Dow Chemical filed in December had temporarily jeopardized about \$262 million of the \$1.2 billion in insurance proceeds that Dow Corning was owed.

Under terms of the settlements,

Dow Corning agreed to generally release the insurers from all liability associated with breast implant claims and from claims resulting from other silicone implants that the company made.

But Dow Chemical, as an additional insured under the policies, argued that Dow Corning was settling prematurely and that the settlements would preclude the parent company from seeking coverage for future implant-related claims, explained Greg Smith, an in-house attorney for Dow Chemical in Midland, Mich.

"Our objections were twofold: one, it was unnecessary to cash them out this early; and two, having done so, they shouldn't have a full take-down of limits," he said.

"Dow Corning allowed them (the insurers) to exhaust those policies, so there will be no coverage to pay the parent company's liabilities associated with breast implants," he said. "That was our objection."

Dow Chemical was unable to amend the settlement sums or the insurers' releases from future breast implant liability claims. However, insurance proceeds paid to Dow Corning in connection with the settlements and the court case will be deposited into an escrow account, where they can be invested and the proceeds will grow over time.

Even as Dow Chemical fights Dow Corning's excess liability insurers on one front, it is still facing litigation with its own primary insurers in another courthouse in Michigan.

Dow Chemical had tendered numerous claims against its primary

insurance coverage, which is not shared with Dow Corning, Mr. Smith explained.

The major players involved in that action are: Fireman's Fund Insurance Co., which wrote general liability and product liability coverage for Dow Chemical from 1956 to 1976; Aetna Casualty & Surety Co., which wrote CGL coverage between 1976 and 1987; CIGNA Corp.'s Insurance Co. of North America unit, which wrote CGL coverage between 1987 and 1990; and Planet Insurance Co., now called Reliance Insurance Co., which wrote CGL coverage from 1990 to the present.

Mr. Smith said the insurers wrote per occurrence product liability and CGL limits of \$2.5 million until 1976. Then the primary CGL layer grew to \$5 million, and the \$2.5 million primary product liability portion was written by Dow Chemical's Michigan-domiciled captive, Dorinco Reinsurance Co.

The insurers argue that only coverage in place at the time breast implant injuries are manifested should be responsible for covering the company. Dow Chemical, though, is arguing for the date-of-implant trigger that Judge Colombo applied in the Dow Corning litigation.

Fireman's Fund, which initially sought a declaratory judgment last year, now argues it is not responsible for any of the claims and that the Dow Chemical captive is.

"In Fireman's Fund's view, breast implants are a product liability. In our view, it's not a product liability for Dow Chemical be-

cause it's not our product; it's Dow Corning's product," Mr. Smith explained. So, any losses to Dow Chemical should be general liability losses and covered by Fireman's Fund and the other insurers, the company says.

Fireman's Fund argues in part that it has no liability to Dow Chemical because the trigger of coverage that should be applied is manifestation of injury and its policies all predate the manifestation of injuries.

Alternatively, the insurer argues in its complaint that if it has any liabilities it should only have to pay one per-occurrence limit because all injuries to women with breast implants are related to a single occurrence.

Fireman's Fund has also filed a third-party complaint bringing into the action Aetna and the other insurers that wrote CGL coverage beyond 1976.

Dow Chemical hopes that several of Judge Colombo's rulings in the Dow Corning litigation will help its cause, said Mr. Smith. "The judge decided all the legal issues favorably to Dow Corning, and, in our view, it's the same policies and those decisions should apply."

Separately, another breast implant coverage trial, involving implant manufacturer Minnesota Mining & Manufacturing Co., is to begin next month in state court in St. Paul, Minn.

At least one fewer issue will have to be decided in that case: the trigger of coverage. Injury-in-fact is the standard as a matter of law in Minnesota, said insurer attorney Mr. Lathrop. **BI**

Insured losses mount in Northwest floods

By GAVIN SOUTER

As flood waters recede in the Pacific Northwest, businesses are focusing on tallying damages and filing what could total tens of millions of dollars of claims with insurers.

Many businesses were shut down and homes were evacuated as heavy rain and melting snow caused flooding in areas of Oregon, Washington and Idaho last week.

While much of the cleanup cost will be paid through federal disaster assistance funds and the National Flood Insurance Program, property insurers will bear some of the cost.

Flood is excluded from most property insurance policies, but in flood-prone areas, such as some areas around rivers in the Northwest, businesses often pay an additional premium to cover the risk.

While much of the coverage is supplied by the NFIP, companies also buy additional coverage from insurers, said Ron Kutella, regional director-West for Sedgwick James Inc. in Portland, Ore.

"In many cases, they have to buy cover as part of their lending agreements, or they have a risk manager or broker that recognizes the potential loss," he said.

Several businesses located along the Willamette and Columbia rivers suffered substantial damage that will likely lead to claims against insurers in excess of \$1 million, Mr. Kutella said.

At least one Willis Corroon Americas Inc. client will have a claim of between \$1.5 million and \$2 million as a result of the flooding and another will suffer an insured loss of about \$200,000, said Michael Gano, CEO of the broker's Portland office. "They suffered water damage to equipment and buildings and then there is a business interruption loss as well, so they become significant losses," he said.

Many business in the Portland area buy additional flood insurance, confirmed Andrea Marzette, risk manager for the Port of Portland, which is situated on the Willamette River, one of several in the region that flooded.

"Most people that buy catastrophe coverage buy flood coverage. But it is becoming more expensive and deductibles are getting bigger. The carriers are hardening their line," she said.

The Port of Portland carries a \$1 million to \$1.5 million deductible for flood, damage de-

pending on the site, Ms. Marzette said.

That deductible likely will be exhausted by property damage and business interruption losses and the Port will file claims with its insurer, Arkwright Mutual Insurance Co. in Waltham, Mass.

The Port suffered damage to docks, wharves, cranes and other equipment, Ms. Marzette said.

Arkwright, a Factory Mutual company, has 10 customers in the flooded area and is expecting claims of about \$5 million, a spokeswoman said.

The other Factory Mutuals, Protection Mutual Insurance Co. and Allendale Mutual Insurance Co., also have policyholders in the flooded areas.

Protection Mutual has been notified of only one loss in the area so far, said a spokeswoman in Park Ridge, Ill.

Allendale expects minimal losses from 16 clients in the area with claims, said Michael McIntyre, senior vp at the Johnston, R.I.-based HPR insurer. "We don't consider ourselves a flood insurer, so a lot of it will go into the federal program or reinsurance," he said.

Many of the commercial insurance losses were from complications as a result of the flooding, Mr. McIntyre said.

For example, there were cases of service interruption due to a cut in power supply or prohibited access to sites due to mudslides, he said.

Allendale has put an extra emphasis on loss control measures for flood since the devastating Mississippi River floods in 1993 (BI, July 12, 1993), Mr. McIntyre said. "When you have warning, there is a lot you can do by sandbagging or moving equipment and stock," he said.

City County Insurance Services in Salem, Ore., is expecting up to \$1 million in claims, said Executive Director Richard Egan.

The municipal self-insurance pool covers about 200 cities and counties in Oregon, including 12 cities that have filed flood claims, he said.

The pool's property coverage includes flood,



AP/WIDE WORLD

Many businesses hit by the flooding in the Pacific Northwest did buy flood coverage. Initial estimates put insured losses in the tens of millions of dollars.

with a \$50,000 deductible. Most of the exposure is reinsured with the National League of Cities Mutual in Washington, D.C., which retains 5% of the risk and reinsures the remainder with Royal Insurance Co. of America in Charlotte, N.C., Mr. Egan said.

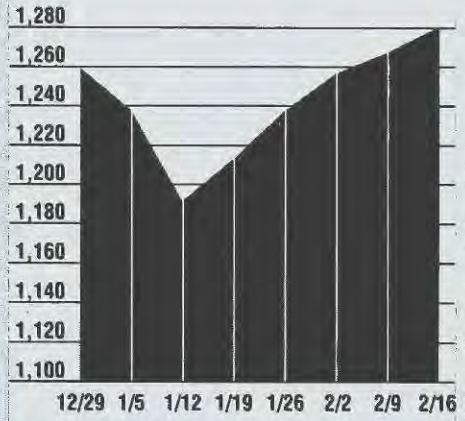
Some of the most significant flood losses were from Tualatin, Ore., where the downtown was flooded, and Molalla, Ore., whose municipal water plant was damaged, he said.

Tualatin city-owned buildings suffered about \$167,000 in damage and businesses in the town suffered about \$4.3 million in damage, a city spokesman said.

Other businesses in the area that suffered flood damage include the Smurfit Newsprint Corp. mill in Oregon City. Property damage and business interruption claims for the site could total \$3 million, said a Smurfit spokeswoman, adding Smurfit has coverage from Industrial Risk Insurers in Hartford, Conn.

Many of the businesses and homes damaged by the flooding are covered by the NFIP, which is run by the Federal Insurance Administration, a unit of the Federal Emergency Management Administration. Last week, the NFIP had 378 reported claims from Oregon, 563 from Washington and four from Idaho. The program has 8,443 policyholders in Oregon's affected counties, 9,660 in the affected areas in Washington and 617 in the Idaho flood area.

BI Insurance Index



Base=100 on Dec. 29, 1978
Source: Nordby International Inc.

PCS catastrophe options

As of Feb. 16		Call spread		Price bid/ask	
Eastern September 1996	40/60	5.4/6	West Annual	30/50	→4.8
	50/70	4/6		40/60	3.5/4.5
	80/100	2.5/3.1		80/100	2.2/2.6
Southwest Sept. 1996	40/60	4/5	California Annual	40/60	2/4.5

Total volume: 40 Total open interest: 1,570
For information on PCS cat options, call 312-435-3674.
Source: Chicago Board of Trade

British Issues

Feb. 15 Companies	Price pence	P/E	Div. pence	Yield %	1 week high-low
Comml Union	608	12.2	35.0	5.8	618-608
Genl Accident	646	9.2	38.8	6.0	646-626
Gdn Royal Exch	250	8.3	11.3	4.5	250-245
Independent	447	9.9	13.8	3.1	447-443
Royal	367	7.5	18.8	5.1	372-367
Sun Alliance	369	8.0	21.3	5.8	369-362
Brokers					
Bradstock	65	10.8*	7.1*	10.9	69-65
Fenchurch	125	8.4*	10.6*	8.5	143-125
CE Heath	157	9.8	12.5	8.0	161-157
JIB Group	98	10.3	9.4	9.6	98-98
Lloyd Thompson	172	10.6*	11.3*	6.6	172-172
Lowndes Lmbrt	150	8.1	11.0	7.3	151-150
Nelson Hurst	173	11.5	9.5	5.5	173-171
Sedgwick Grp	118	10.3	8.1	6.9	121-115
Steel Bri Jones	43	5.4	5.6	13.0	43-43
Willis Corroon	152	14.1	8.3	5.5	154-151

Source: Philip Olsen, London * Actual. Others estimated.

BI Industry Stock Report FEB. 12, 1996, THROUGH FEB. 16, 1996

BROKERS

Company	Price	Weekly % change	Year to date % change	Annual High	Annual Low	Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt./Bk. value
Acordia Inc.	NYS	28.25	-0.88	-5.04	34.13	23.50	17	0.8	2.83	17	14.00
Alexander & Alexander	NYS	19.625	-1.26	3.29	26.44	18.00	315	0.1	0.51	14	19.17
E.W. Blanch Holdings Inc.	NYS	24.375	4.28	4.28	24.50	16.50	343	0.4	1.64	18	4.94
Gallagher Arthur J. & Co.	NYS	38.5	-1.28	3.36	39.25	32.50	60	1.16	3.01	15	6.48
Hib, Rogal & Hamilton	NYS	13.125	-2.78	-1.87	14.38	10.50	93	0.6	4.57	16	1.21
Kaye Group Inc.	NDO	7.625	5.17	-4.69	10.75	6.75	1	0.1	1.31	8	NA
Marsh & McLennan	NYS	94.75	0.93	6.76	96.50	76.13	632	3.2	3.38	17	19.95
Poe & Brown	NDO	25.125	0.50	1.01	25.50	21.00	68	0.48	1.91	15	5.15
BROKERS AVERAGE			0.6	0.9					2.7	17	

INSURERS/REINSURERS

Company	Price	Weekly % change	Year to date % change	Annual High	Annual Low	Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt./Bk. value
ACE Ltd.	NYS	45.875	-4.92	15.41	50.38	23.00	1447	0.00	0.00	0	22.45
Acceptance Insurance Cos.	NYS	14.625	-2.50	-1.88	17.50	13.13	140	0.3	2.05	30	10.76
AEFON NV	NYS	43	3.93	-2.27	46.75	26.38	101	1.08	2.51	16	17.28
Aetna Life & Casualty	NYS	72.75	0.00	5.05	76.75	51.00	2701	2.76	3.79	33	48.85
AFLAC Inc.	NYS	48.375	2.65	11.21	49.50	35.88	1081	0.52	1.07	14	17.58
Allied Group Inc.	NDO	40.25	5.92	11.81	40.25	25.75	116	0.68	1.69	8	21.81
Allmerica Prop. & Casualty	NYS	26.125	2.45	-3.24	27.13	18.25	111	0.16	0.61	11	19.87
Allstate Corp.	NYS	44.25	-0.56	7.60	46.00	25.63	4882	0.85	1.92	10	18.75
American Financial Group	NYS	33.75	3.85	10.20	34.50	22.88	274	1	2.96	32	24.94
American General	NYS	36.5	-0.34	4.66	39.13	30.25	1885	1.3	3.56	14	17.03
American Heritage Life Ins.	NYS	22.75	-1.09	-0.55	23.88	16.25	28	0.72	3.16	11	12.51
American Indemnity/Fin'l	NDO	9.75	-6.02	-2.50	13.25	9.00	4	0.3	3.08	-4	15.92
American International	NYS	99	-3.06	7.03	103.38	66.75	3987	0.34	0.34	19	34.66
American Re Corp.	NYS	42.375	-3.14	3.67	45.00	32.75	930	0.32	0.76	-23	16.77
Aon Corp.	NYS	54.375	-0.23	9.02	55.38	33.63	624	1.36	2.50	16	18.30
Argonaut Group	NDO	34.25	0.74	5.38	35.00	28.88	97	1.32	3.85	15	29.91
AVEMCO Corp.	NYS	15.375	0.00	-3.91	18.25	14.63	93	0.48	1.12	17	6.28
Baldwin & Lyons Inc.	NDO	17.25	6.15	6.15	18.00	14.25	2	0.32	1.86	9	13.90
Berkley W.R. Corp.	NDO	49.25	-1.99	-8.37	55.50	34.50	153	0.48	0.97	19	34.46
Berkshire Hathaway Inc.	NYS	32800	2.98	2.18	34100.00	21500.00	3	0.00	0.00	69	10089.11
Capital RE Corporation	NYS	33.375	0.38	8.54	34.00	22.00	194	0.24	0.72	11	22.30
Capsure Holdings Corp.	NYS	16.75	0.75	-4.96	18.13	12.38	43	0.00	0.00	15	14.61
Chubb Corp.	NYS	100.875	-0.37	4.26	104.38	57.00	1142	1.96	1.94	13	48.92
CIGNA Corp.	NYS	117.625	-0.84	13.92	124.50	68.25	2354	3.04	2.58	41	80.46
CNA Financial Corp.	NYS	116.5	3.56	2.64	123.25	69.50	158	0.00	0.00	10	71.13
EMC Insurance Group Inc.	NDO	13.5	0.00	-1.82	15.25	9.50	17	0.56	4.15	9	11.13
EXEL Ltd.	NYS	69.125	0.73	13.55	69.75	41.25	231	0.4	0.58	0	31.47
Fremont General Corp.	NYS	24.5	-3.92	0.00	26.25	12.63	437	0.6	2.45	9	19.04
Frontier Insurance Group	NYS	31.375	-0.40	-1.95	33.75	20.25	62	0.48	1.53	13	14.65
Gainsco Inc.	ASE	10	-5.88	-12.09	12.38	8.31	104	0.05	0.50	14	3.98
General RE Corp.	NYS	150.125	1.26	-3.15	158.25	123.88	1419	2.04	1.36	15	59.35
Guaranty National Corp.	NYS	14	-1.75	-8.94	19.00	13.75	276	0.5	3.57	15	11.60
Harleysville Group	NDO	28.5	-3.39	-11.97	33.00	23.75	145	0.76	2.67	10	20.72
Hartford Steam Boiler	NYS	51.25	-1.44	2.50	52.50	40.88	204	2.28	4.45	17	14.68
HCC Insurance Holdings	NYS	45.25	-5.73	22.30	49.00	21.75	86	0.00	0.00	24	15.86
ITT Hartford Group	NYS	50.875	0.25	5.17	52.38	47.38	2346	1.6	3.14	11	45.46
Lincoln National	NYS	55.625	3.25	3.49	57.00	38.75	896	1.84	3.31	12	28.90
Market Corp.	NDO	82	1.86	8.61	85.00	43.88	33	0.00	0.00	13	25.71
Meadowbrook Insur. Group	NYS	31	0.81	-7.46	33.88	24.00	70	0.08	0.26	28	NA
Mid Ocean Ltd.	NDO	41.5	1.22	11.78	43.00	24.88	373	0.25	0.60	0	22.18
Mutual Risk Mgmt. Ltd.	NYS	46.25	1.93	1.09	46.25	26.25	64	0.4	0.86	22	9.72
NAC Re Corp.	NYS	33.875	-0.37	-5.90	39.00	28.25	279	0.2	0.59	10	18.23

HEALTH MAINTENANCE ORGANIZATIONS

Company	Price	Weekly % change	Year to date % change	Annual High	Annual Low	Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt./Bk. value
PHP International	NDO	33.25	8.57	16.67	34.25	19.50	3495	0.00	0.00	--	28.15
Humana Inc.	NYS	25.75	-5.94	-5.94	28.88	17.00	7425	0.00	0.00	22	6.56
Oxford Health Plans	NDO	80	-4.76	8.29	84.25	38.50	4703	0.00	0.00	56	6.56
Pacificare Health Sys.	NDO	86.375	2.22	-0.72	93.25	44.50	129	0.00	0.00	23	15.02
Safeguard Health Enter.	NDO	12.5	6.38	7.53	13.25	8.63	49	0.00	0.00	31	6.15
Sierra Health Services	NYS	34.5	4.15	8.66	34.50	22.13	462	0.00	0.00	28	9.22
United Healthcare Corp.	NYS	65	0.78	-0.57	68.25	34.13	4451	0.03	0.05	32	16.17
U.S. Healthcare	NDO	47.125	3.29	1.34	50.13	26.50	9213	1.1	2.33	19	5.66
Wellpoint Health Networks	NYS	34.625	-0.72	7.78	37.00	27.38	304	0.00	0.00	16	14.26
HMOs AVERAGE			1.6	4.8					0.3	25	
ALL COMPANIES AVERAGE			1.0	3.1					2.3	19	

Top advancing issues: Seibels Bruce Group, United Fire & Casualty, TIG Holdings. Leading decliners: PXRE Corp., American Indemnity/Fin'l., Humana Inc. Most active issue: U.S. Healthcare. The BI Index rose 1.3%; the Dow Jones 30 Industrials fell 0.7%; the S&P 500 decreased 1.3% and the NYSE Composite lost 0.9%. Book values are updated annually by Nordby International Inc. System design: Nordby International Inc.

Steel Mill

Magdeburg
Germany

4 March
0910 hrs



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