

# Business Insurance

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## Senate bill would extend MSAs to all employers

All employers would be allowed to offer tax-favored medical savings accounts under bipartisan legislation introduced in the Senate last week. The legislation, sponsored by Sen. Charles Grassley, R-Iowa, ranking member of the Finance Committee; and Sen. Robert Torricelli, D-N.J., would remove provisions in a 1996 law that limit MSAs to employers with 50 or fewer employees and

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# Court validates UPS captive

## OPL rate issue returns to tax court

By DOUGLAS McLEOD

ATLANTA—An appeals court victory by United Parcel Service of America Inc. on the tax treatment of a package reinsurance program will lift a cloud of doubt that has hung over captive owners since a lower court labeled the UPS program a tax dodge in 1999, tax experts predict.

A panel of the 11th U.S. Court of Appeals ruled 2-1 last week that a tax court

judge erred in finding UPS improperly funneled nearly \$100 million in 1984 income to Overseas Partners Ltd., a Bermuda reinsurer it had created to cover damage claims by its customers.

While the lower court judge concluded that the package reinsurance program was a "sham" with no purpose other than tax avoidance, the appeals panel ruled that it had a legitimate business purpose and that reducing UPS' taxes was an acceptable aim of the plan.

Captive experts had worried that the Internal Revenue Service would increasingly use the 1999 ruling to challenge deductions of captive premiums, a concern that the appeals ruling allays.

"A little of the fog has lifted on our tax planning and structuring" activities, observed Tom Jones, a lawyer with McDermott, Will & Emery in Chicago.

The appellate decision is not a total victory for UPS: The case is being returned to the tax court to deal with another IRS contention that the cost of the OPL reinsurance was unreasonably high and that some of the premium should be

reallocated as income to UPS and taxed.

UPS estimated its tax liability under the original decision at \$1.8 billion for the 15 years the program was in operation, and it paid that amount into an escrow account pending the 11th Circuit ruling. The money will stay in escrow while the case is on remand, a UPS spokesman said.

Still, UPS, which was stung by the sometimes harsh language of the 1999 opinion, hailed the appellate ruling as a vindication. "This case was much more to us than a dispute over tax regulations

*See UPS on page 28*

## Liability provisions argued

# Senate debates patients' rights

By MARK A. HOFMANN

WASHINGTON—Liability for employers offering health care coverage was at the heart of the Senate's debate on patient protection legislation last week, as

greater protection for employers was proposed.

On Friday, Sen. Phil Gramm, R-Texas, introduced an amendment to the Bipartisan Patient Protection Act of 2001 that would virtually immunize employers from lawsuits brought in connection with coverage disputes involving the managed care plans they sponsor.

Sen. Gramm said that "any ambiguity" in employers' liability exposure would lead many small and large employers alike to drop coverage altogether. The Senate is expected to vote on that amendment when it reconvenes this week.

Even if the Senate rejects that amendment, though, it may have a similar proposal to consider. Sen. Olympia Snowe, R-Maine, plans to introduce an amendment this week that would give employers greater protection against suits arising from coverage disputes.

Numerous other amendments, touching on matters as disparate as medical malpractice reform and the relationship of state patient protection acts with the federal bill, are expected this week.

A spokesman for Sen. Snowe confirmed that the Maine lawmaker, who is considered a key moderate in the debate, is working with one of the patient protection act's chief sponsors—Sen. John McCain, R-Ariz.—and Sen. Mike

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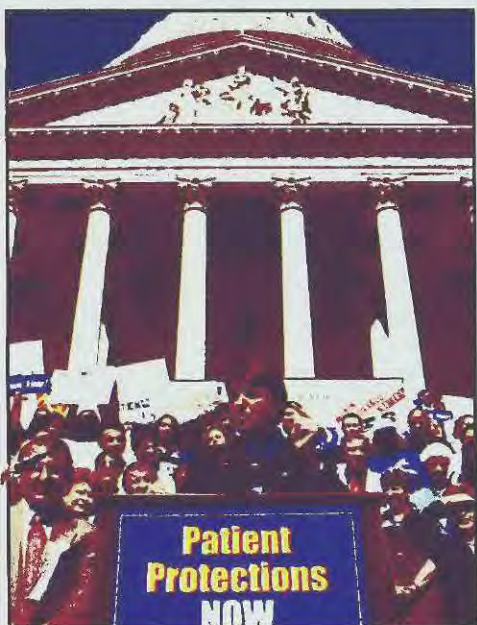


PHOTO: SHNS

Sen. John Edwards, a co-sponsor of the patient protection legislation pending in the Senate, speaks at a rally in Washington to back the bill.



Betty Loren-Maltese, town president of Cicero, Ill., leaves the Dirksen Federal Building in Chicago after being charged with diverting \$10 million from a town self-insurance plan through a sham third-party administrator.

PHOTO: AP/WIDE WORLD

# Health plan scam bleeds town: Feds

By DOUGLAS McLEOD

CHICAGO—Most municipal risk managers have more mundane things to worry about than seeing their town's top officials indicted for looting an employee health insurance plan.

Those risk managers don't work for the town of Cicero, Ill., though.

Capping a seven-year investigation into municipal corruption in this blue-collar suburb, federal prosecutors last week announced the indictment of Cicero's chief executive, its former public safety director, an organized crime figure and several others for allegedly using a sham third-party administra-

tor to divert \$10 million from a town self-insurance plan.

The unlicensed TPA, controlled by reputed Chicago mob associate Michael Spano Sr., allegedly siphoned away health plan funds to renovate a Wisconsin golf course, buy an Indiana horse farm, pay for a vacation house for Mr. Spano's family and purchase new Cadillacs for several of the defendants, prosecutors contend.

Charged along with Mr. Spano are Cicero's flamboyant town president, Betty Loren-Maltese, widow of a former Cicero politician and convicted mob bookmaker; and Emil Schullo, a former public safety director and a

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Independent  
Insurance Group PLC



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## UPDATES

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put a 750,000 limit on the number of MSAs that can be established. The measure, S. 1067, also would make MSAs a permanent health care delivery option. Under current law, no new MSAs can be established after Dec. 31, 2002, although existing MSAs, which now exceed 50,000 in number, could continue. Another change would allow an employer and an employee to contribute to an MSA. Current law permits either an employer or employee, but not both, to fund an MSA. The measure also would lower, to \$1,000 from \$1,550, the minimum deductible for individual coverage in an indemnity plan through which MSAs are linked, while the minimum deductible for family coverage would be lowered to \$2,000 from \$3,100. A comparable proposal is expected to be part of patient protection legislation that is being assembled by House Republicans and is likely to be introduced this week.

► **BILL WOULD LIMIT ARBITRATION** A group of Democratic lawmakers has introduced legislation that would effectively overturn a recent Supreme Court decision dealing with arbitration contracts. In their March 21 decision in *Circuit City Stores Inc. vs. Saint Clair Adams*, the justices held in a 5-4 decision that the Federal Arbitration Act applied to employment contracts broadly, rather than simply to those contracts that set employment terms for workers engaged in transporting goods across state and international borders. Under the decision, employers can require that employment disputes be subject to binding arbitration rather than litigated. Last Wednesday, members of the Congressional Progressive Caucus unveiled the Preserving Civil Rights Protections Act of 2001. The bill would amend the 75-year-old Federal Arbitration Act to clarify that its provisions allowing mandatory arbitration do not apply to employment contracts under most circumstances. The measure would also prohibit an employer from requiring employees to sign a contract agreeing that all employment disputes be subject to arbitration as a condition of employment. The new measure has been endorsed by several labor and civil rights organizations.

► **AIG FORMING SYNDICATE** American International Group Inc. is setting up a syndicate at Lloyd's of London to write property/casualty business. The New York-based insurance giant said that the new Lloyd's operation would be backed by a £100 million (\$141.0 million) facility. AIG also said that it had appointed a team to form a managing agency, called Ascot Underwriting Ltd., which will run the syndicate. Martin Reith, former managing director of Brockbank Syndicate Management Ltd., was appointed to head that team. Mr. Reith left Brockbank, a subsidiary of Bermuda-based XL Capital Ltd., last year. Subject to Lloyd's approval, the new syndicate will begin underwriting nonmarine, marine and reinsurance business for the 2002 year of account. Meanwhile, Lloyd's announced that in 2000 the United States became Lloyd's largest market for the first time. According to figures for 2000, the United States now accounts for 35% of Lloyd's gross premiums, or \$5.9 billion (\$8.29 billion). The United Kingdom accounts for 34% of Lloyd's business.

► **GIO EXECS SUED** The Australian Securities and Investments Commission has begun civil proceedings against three former officers of GIO Insurance Ltd. The charges stem from the role the three played in the takeover of GIO by Sydney, Australia-based AMP Ltd. in the late 1990s. In the complaint filed last Wednesday in Sydney, the three men—Geoffrey Vines, Francis Robertson and Timothy Fox—are charged with breaching their duties as GIO officers by allegedly providing mis-



leading information and inaccurate advice to other GIO executives involved in the takeover. In the civil proceeding, ASIC seeks \$200,000 in civil penalties from each officer and to ban them from managing any company in the future. In addition, ASIC wants Messrs. Vines and Fox to each pay GIO \$489,000. None of the defendants could be reached for comment. During the course of the AMP takeover, GIO forecast a pre-tax profit from its reinsurance business of \$80 million Australian (\$53.5 million) for 1999. After the takeover was complete, the company instead reported a \$759 million Australian loss (\$498 million) from its reinsurance operations, ASIC states in its complaint. The discrepancy stems from false forecasts that the three officers helped prepare, the complaint alleges. GIO Re has since been placed in runoff.

► **Y2K SUIT DISMISSED** A Michigan judge has dismissed a school district's lawsuit seeking coverage for Y2K computer bug remediation costs from its property/casualty insurance pool. In *The School District of the City of Royal Oak vs. MASB-SEG Property/Casualty Pool Inc.*, Oakland County Judge Gene Schnelz ruled that by paying its premium, the Royal Oak, Mich., school district consented to a change in its policy that excluded coverage for software defects. The policy was originally issued by MASB-SEG Property/Casualty Pool Inc. in July 1999 without the exclusion, but a letter was sent to pool policyholders in August saying there would be no coverage for Y2K remediation costs, explained Philip Goodman, an attorney in Birmingham, Mich., who represents the school district. Although the school district paid the premium in September 1999 without objecting to the exclusion, its original request for a proposal when seeking coverage from the pool specified that there be coverage for software defects, he said. Therefore, he said, the school district expected coverage of its Y2K remediation costs. Mr. Goodman said he is recommending an appeal.



PHOTO: AP/WIDE WORLD

Passengers of more than 100 United Air Lines flights were stranded in Denver.

► **HAIL POUNDS AIRPORT** Airlines are still assessing the cost of last Wednesday's severe storm in Colorado, which produced hail the size of golf balls and damaged more than 70 planes at Denver International Airport. A spokesman for United Air Lines Inc., the airport's largest carrier, said that 32 of its commercial planes sustained varying degrees of wing, flap and fuselage damage. The airline canceled more than 100 of its 2,300 scheduled flights Thursday. The United spokesman said that no damage estimates were available, but he noted that the Chicago-based airline is insured by U.S. Aircraft Insurance Group. Aon Corp. is United's broker. Other airlines suffered damage to planes, and some were also forced to cancel flights. None of the major airlines purchases business interruption coverage, according to an insurance industry source. This is due to the nature of that industry and the difficulty in proving an interruption loss, he said. The airport itself also sustained some damage to its roof, a spokesman said. Chubb Corp. is the airport's property insurer and Marsh Inc. is its broker. The storm also caused millions of dollars in damage to cars and homes in the Denver area. As of Friday, State Farm Insurance Co. estimated it had received approximately 4,000 auto claims and 1,000 homeowner claims, totaling about \$16.9 million, a State Farm spokesman said.

► **GENDER BIAS SUIT** In a nationwide sex discrimination lawsuit seeking class action status, a group of current and former female employees of Wal-Mart Stores Inc. charges that the retailer has unfairly denied them promotions, compensation and job assignments because of their sex. The suit, brought by six women from California, Florida, Illinois, Ohio and Oklahoma, was filed last Tuesday in U.S. District Court for the Northern District of California in San Francisco against Bentonville, Ark.-based Wal-Mart. The suit states that while more than 72% of the hourly sales employees at Wal-Mart are women, only one-third of them are in management positions. And of those workers, only 10% of store managers and about 4% of district managers are women. Among its 20 top competitors, women hold more than 56% of management positions.



PHOTO: GETTY

Wal-Mart is the target of a gender bias suit.

even though the percentage of female hourly workers at these companies is comparable to Wal-Mart, the suit states. According to a statement from one of the plaintiffs' attorneys, the class in this case may include more than an estimated 500,000 current and former female employees of Wal-Mart. Wal-Mart released a statement saying it does not "condone discrimination of any kind" and that while women hold 37% of all of the 55,000 management positions, it is working to bring more qualified women into higher-level positions.

► **BRIEFLY NOTED** Chinese trade negotiators have agreed to specific concessions that would give foreign interests greater access to China's insurance market, as part of the nation's bid to join the World Trade Organization. The negotiators set out details of the large commercial risks that foreign insurers could cover and agreed to phasing out the current 20% compulsory cession to the state-run China Reinsurance Co.... The Center for Claims Resolution will stop settling new asbestos claims for its 14 members as of Aug. 1. After the change, CCR will offer only claims processing services to its members.... The board of directors of Anthem Insurance Cos. Inc. has unanimously voted to develop a conversion plan to change the mutual insurer into a publicly traded stock company. If the plan is approved by the Indiana Department of Insurance and Anthem's members, the demutualization process is expected to be completed by the end of this year.... French insurance giant AXA Group said it is cooperating with a police inquiry into alleged money laundering by a Luxembourg-based insurer that AXA formerly owned, though it criticized the way the probe has cast suspicion on AXA's Chairman Henri de Castries and former Chairman Claude Bebear, who have been placed under formal investigation (BI, June 18).... CLAIMPlace, a Wilmington, Mass.-based online property/casualty claims management service launched in September, has closed its doors.... Eric M. Simpson has joined American Re-Insurance Co. as senior vp and chief financial officer of its domestic insurance company operations. Previously, Mr. Simpson was a senior vp at A.M. Best Co.

► To get breaking news as it occurs, visit Business Insurance's free online Updates at [www.businessinsurance.com](http://www.businessinsurance.com). All of the material in the Updates column as well as other content in this week's issue, is generated from daily news postings that appeared on the Web site in the previous week.

# Suit seeks at least \$2 billion

## California files complaint over Executive Life sale

By JOANNE WOJCIK

SAN FRANCISCO—California Attorney General Bill Lockyer filed a lawsuit last Tuesday against an international bank owned by the French government, a group of companies and several individuals, charging that the defendants conspired to cheat policyholders of the now-defunct Executive Life Insurance Co. out of billions of dollars.

The lawsuit, filed in San Francisco Superior Court, seeks a total payment of at least \$2 billion from Altus Finance S.A., a unit of French government-owned bank Credit Lyonnais;

Credit Lyonnais; French mutual insurer Mutuelle Assurance Artisanale de France; French tycoon Francois Pinault; and others connected with the sale.

The action is the latest in a string of lawsuits alleging fraud on the part of the investors who took over Executive Life in 1991. In a deal negotiated by then-California Insurance Commissioner John Garamendi, Altus Finance paid \$2.7 billion to acquire the company's shaky junk bond portfolio, while MAAF was to operate Aurora National Life Assurance Co., a new insurer created to replace ELIC. When ELIC was taken over by California regulators in

April 1991, the insurer had almost 340,000 policyholders, assets of \$10.1 billion and more than \$43.5 billion of life insurance in force.

In 1999, two class-action suits were filed on behalf of ELIC in California state courts (*BI*, May 10, 1999). Those suits were dismissed after being moved to federal court and are on appeal to the 9th U.S. Circuit Court of Appeals. A third suit, filed last January by former California Insurance Commissioner Chuck Quackenbush, is pending in federal court in Los Angeles.

The latest complaint alleges that a group of investors led by Altus See **ELIC** on page 27

## Employees seek plan choice

'Defined contribution' approach favored by many: Survey

By ROBERTO CENICEROS

Employees want more choices when selecting among health plans, and many favor a "defined contribution" payment system, according to study results presented recently at the American Assn. of Health Plans' 2001 Managed Care Institute & Display Forum in Los Angeles.

Yet workers don't want their employers to abandon the role of administering the plans, according to the extensive survey of employers and employees conducted by Watson Wyatt Worldwide.

"Employees don't want their employers to get out of the business of providing health care," explained Kenneth W. Drummer, practice leader-group and health care for Watson Wyatt in San Francisco.

"Furthermore, employee demand for more choice could be a frustration with their current plan rather than a genuine desire to take on a greater role in selecting, managing and paying," he said.

Many employees believe their health plans are

too expensive, no matter how much their out-of-pocket expense may be, and they view their plans as falling short on performance. They also underestimate the value provided by employers, Mr. Drummer said.

For example, the study found that about 70% of employee respondents underestimate total premium cost, while more than 50% overestimate the percentage paid by employees.

The study included face-to-face interviews with 255 employers, including many large, well-known corporations, and surveys of 9,000 employees at 16 organizations, and employee focus group research. Watson Wyatt's study found that 57% of employees want more choice of plans, but only 15% place a high priority on adding plans.

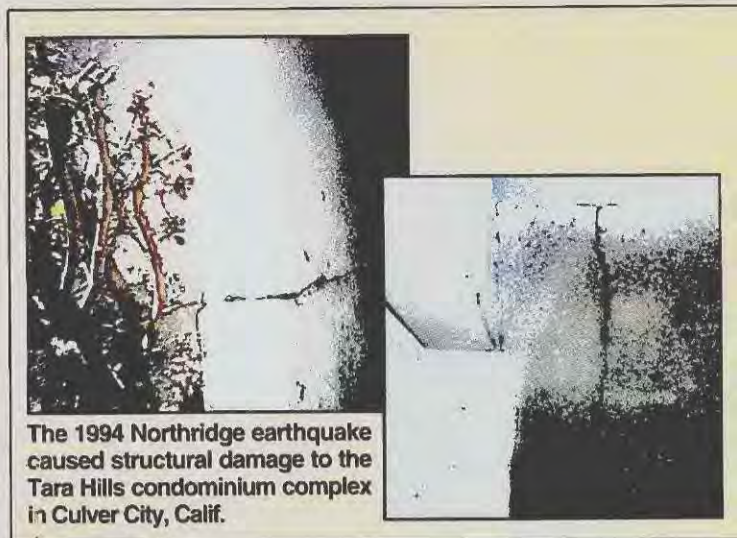
In addition, 80% of all employees surveyed agreed with, or were neutral to a statement saying they would like a fixed-dollar contribution for health plan purchases, while more than 40% of them support a fixed-dollar contribution system. About

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American Association of  
**HEALTH PLANS**

See additional  
coverage on page 29



The 1994 Northridge earthquake caused structural damage to the Tara Hills condominium complex in Culver City, Calif.

PHOTOS: COURTESY OF QUISENBERRY & KABATECK LLP

Scottsdale hit with bad-faith verdict

## Northridge aftershock

LOS ANGELES—A jury in Los Angeles has ordered Scottsdale Insurance Co. to pay nearly \$7 million in building repair costs and bad-faith damages to a group of condominium owners, marking one of the first jury trials following a new state law that extended the statute of limitations for insurance claims for damage stemming from the Northridge earthquake.

California lawmakers last year extended the statute of limitations to Dec. 31, 2001, for claims and lawsuits related to the 1994 earthquake, which caused at least \$15 billion in insured damage. Enactment of the law followed allegations that former California Insurance Commissioner Chuck Quackenbush had allowed insurers to escape fines related to improper claims handling (*BI*, June 12, 2000).

The condominium association had charged in its suit that Scottsdale, Ariz.-based Scottsdale had misled owners about the extent of earthquake damage to their property.

The jury earlier this month ordered Scottsdale to pay a Culver City, Calif., condominium association \$5.2 million for earthquake repairs and \$2 million in damages for bad-faith claims handling, according to Brian S. Kabateck, an attorney at Quisenberry & Kabateck in Los Angeles, who represented the plaintiffs. The jury, however, determined that the association has a \$500,000 deductible, reducing the award to \$6.7 million.

The Superior Court judge in the case limited the amount of punitive damages that the jury could consider, finding that the new legislation was punishment enough, Mr. Kabateck said.

A spokeswoman for Scottsdale said that final judgment is up to the trial judge, who will review the jury's ruling on July 13. The insurer will base its decision on whether to appeal on the judge's decision at that time, she said.

"We are confident the judgment will be entered in our favor," the spokeswoman said.

—By Roberto Cenicerros

# Regulators confident NARAB will be averted

## Reciprocity rules on producer licensing

By MEG FLETCHER

NEW ORLEANS—The National Assn. of Insurance Commissioners remains optimistic that states will satisfy the producer licensing reciprocity requirements of the federal financial modernization law, despite a broker group's analysis that some new state laws are not in full compliance.

The 1999 Gramm-Leach-Bliley Act requires that 29 jurisdictions approve at least reciprocal agent licensing by November 2002 to preclude the creation of a federal clearinghouse known as the National Assn. of Registered Agents & Brokers.

At its recent quarterly meeting in New Orleans, the NAIC announced that 35 state legislatures have passed bills designed to satisfy GLB requirements, though some measures still await signatures (see chart). Ten

other states also are expected to take up the matter this year, said Colorado Insurance Commissioner William J. Kirven III, who is co-chair of the NAIC's NARAB Working Group.

But the Washington-based Council of Insurance Agents & Brokers has questioned whether all of the new reciprocity measures comply with the NARAB provision. "Several states have enacted legislation the Council believes is not fully compliant with the NARAB standard, meaning producers applying for licenses in those states will continue to be required to comply with differing standards and requirements," the CIAB said in a statement issued after the NAIC's announcement.

For example, the CIAB's analysis shows that Alaska, Idaho and Washington state recently passed legislation requiring the fin-

See **NAIC** on page 31

35 state legislatures have passed at least reciprocity laws in accordance with the Gramm-Leach-Bliley Act.



# Layoff analysis can prevent discrimination suits

By MICHAEL PRINCE

NEW YORK—Performing a statistical analysis of a company's workforce before implementing layoffs can prevent employment discrimination lawsuits, say two attorneys and an economist.

An employer should not wait for a discrimination suit to be filed before performing such an analysis, said John Skrypak, senior director of labor and employment law at Philips Electronics North America Corp. in New York.

"It's better to do the analysis first, rather than during litigation," Mr. Skrypak said during a luncheon presentation before the American Corporate Counsel Assn. in New York earlier this month.

An analysis looks at data about all the employees in an organization and determines what percentage are in a given legally protected class, such as that of older workers, said Harriet Zellner, president and senior economist at Integral Research Inc. in New York. Integral Research performs such analyses. Then, Ms. Zellner said, the same breakdown is performed for the group of employees subject to the reduction.

If, for example, the analysis were looking at age discrimination, the breakdown would determine what percentage of employees would be protected by federal law—that is, what percentage is over the age of 40, Ms. Zellner said. The analysis can be performed to check for potential discrimination of various types, such as gender or race discrimination.

The analysis would then compare the percentage of protected workers in the entire workforce to the percentage in the group slated for layoff to see if a disparity exists between these figures. If such a disparity were found, the analysis would determine the odds that this disparity could occur by chance. A large disparity between the percentage of older workers in the total employee count and the percent in the laid-off group would indicate possible discrimination by the employer, Ms. Zellner said.

In a 1977 opinion in the case of *Castaneda vs. Partida*, the U.S. Supreme Court ruled that if the disparity could be expected to occur by chance less than 5% of the time, "it would be accepted as evidence of discrimination," she said. Conversely, if the chances that the disparity could occur by chance are greater than 5%, that indicates no statistical evidence

of discrimination occurred in choosing the workers to be eliminated. Employers often conduct statistical analyses during the course of litigation to prove that there was no discrimination. But if the analysis is done before finalizing the decision about which employees are to be terminated, it can prevent litigation, Ms. Zellner said.

The process "is uniquely applicable to preventing litigation—both termination and discrimination charges—in connection with a reduction in force," she said.

A big concern among employers is what to do when an analysis indicates statistical discrimination, Mr. Skrypak said. The employer could ignore the information, "but then you shouldn't do the analysis to begin with," he said.

The analysis process "is uniquely applicable to preventing litigation—both termination and discrimination charges—in connection with a reduction in force," she said.

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Integral Research Inc.

A second approach is to juggle the list of those to be terminated in order to change the outcome of the analysis. This could include reducing the number of older people—resulting in an overall reduction in the number of individuals to be terminated—or replacing the names of some older workers on the list with those of younger employees, he said.

Or the results could prompt an employer to better document the reasons for each person's termination, Mr. Skrypak said.

An analysis that indicates no statistical discrimination can help persuade disgruntled laid-off workers that no discrimination occurred, said Jeffrey Reiner, a partner with Reiner, Boccher & Pollack P.C. in Morristown, N.J.

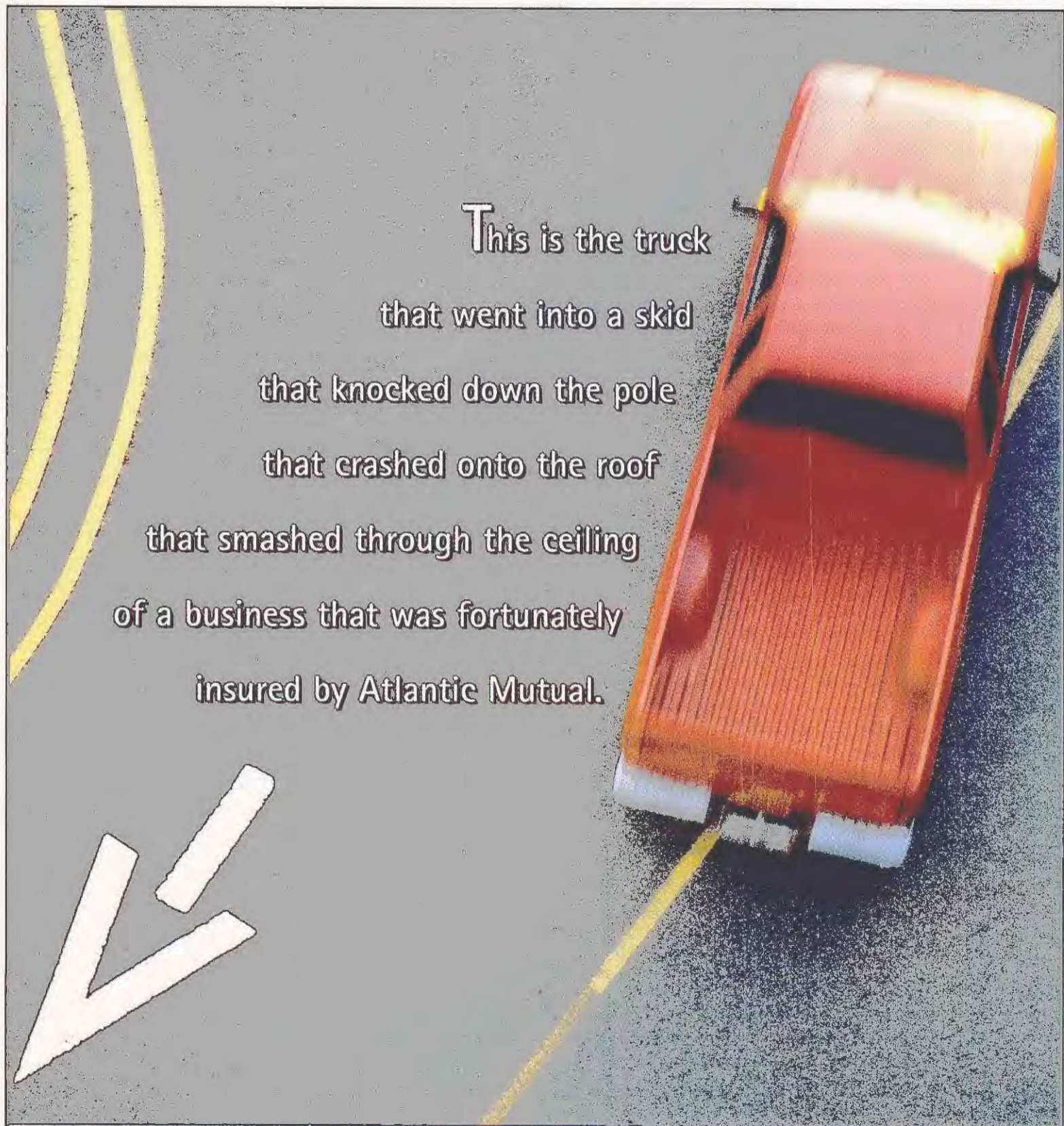
And if a suit were to be filed, the analysis could also help to convince a jury that the employer made strong efforts to select the terminated employees in a fair manner. The employer "ought to get some credit from a jury" for having an analysis that shows no statistical discrimination, Mr. Reiner said.

Conversely, a study that does indicate statistical discrimination can create a problem for an employer.

"You're giving the plaintiff's attorney an opportunity to tell the jury that going ahead with the plan shows willfulness," Mr. Reiner said, and that could be the basis for an award of punitive damages.

So unless an employer is willing to make changes after receiving a bad report, an analysis should not be done.

In such cases, Mr. Reiner said, "the downside outweighs the upside."



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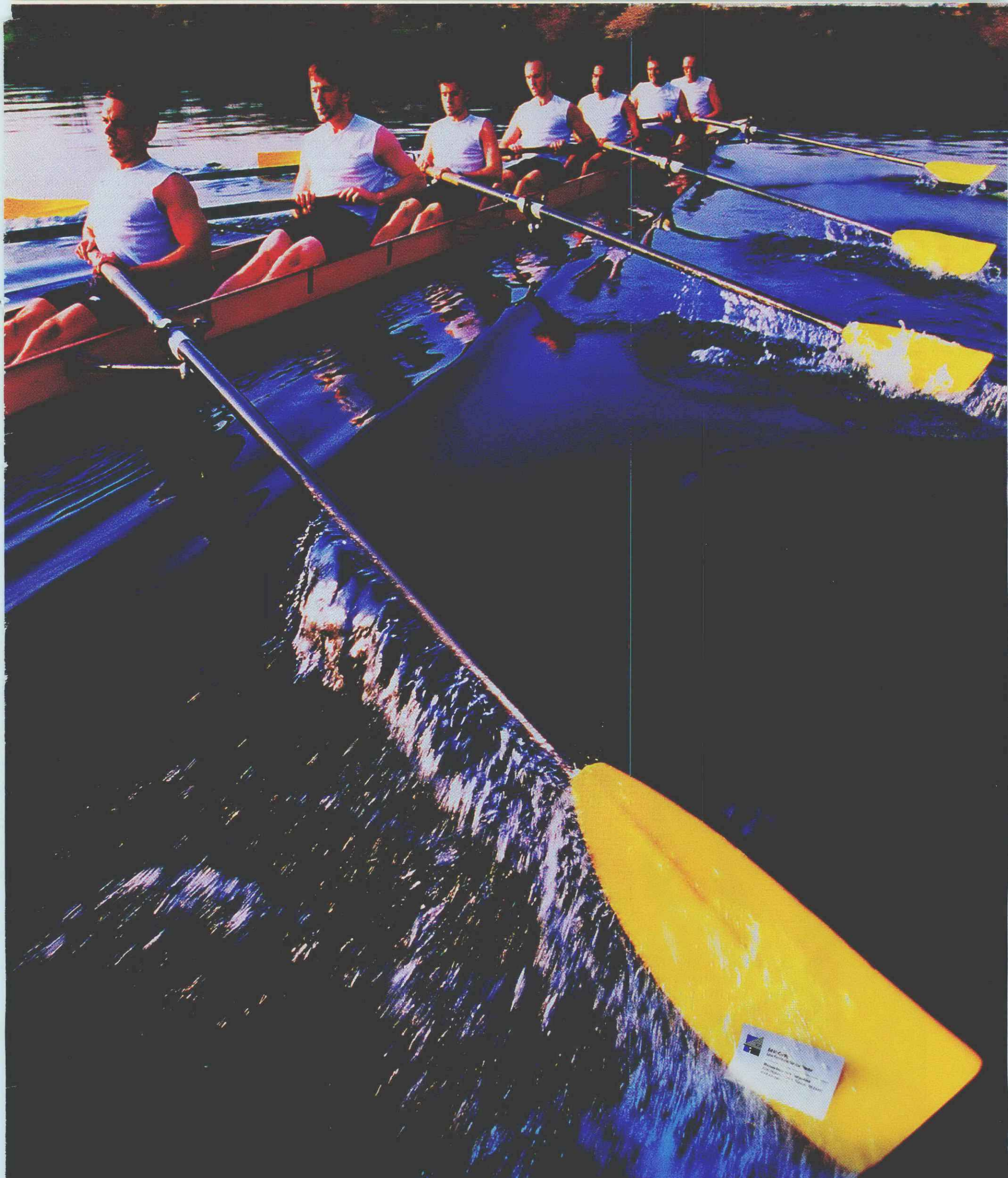
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What can we do to help you?

# IRS clarifies its rules on pension surplus use

By JERRY GEISEL

WASHINGTON—Final Internal Revenue Service regulations provide new guidance for employers that want to take advantage of a federal law that allows companies to remove surplus assets from overfunded pension plans to pay for retiree health care expenses.

Under a 1990 law, which Congress has extended several times, an employer can transfer surplus pension plan assets to special retiree health care accounts. Such transfers are allowed as long as several conditions are met: the pension plan remains at least 125% funded; plan participants'

accrued benefits are immediately and fully vested; and employers, through a "maintenance of cost" requirement, do not reduce their expenditures for retiree health care coverage for five years after the transfer occurs. Failure to meet those conditions after a transfer results in substantial penalties.

Because of these restrictions, only a handful of employers—roughly 50 to 100 per year—have taken advantage of so-called Section 420 transfers, said Chris Bone, chief actuary with Aon Consulting Inc. in Somerset, N.J.

"This is not something employers have rushed into," said Dennis

Coleman, a principal in the Teaneck, N.J., office of Unifi Network, a unit of PricewaterhouseCoopers L.L.P.

Still, for those employers willing to meet those conditions, defined benefit plan asset transfers have allowed them to tap unused funds, while freeing up corporate cash that would otherwise have been used for retirees' health care expenses.

But the law created some loopholes and ambiguities on the maintenance of cost requirement. The final regulations, published June 19 in the Federal Register, eliminate those uncertainties.

For example, the law says an

employer satisfies the maintenance of cost requirement if its per capita retiree health care costs remain level during the five-year period following the transfer. If, for instance, a company's retiree health care costs averaged \$2,000 per retiree in both 1999 and 2000, its per capita costs would have to remain at least at that level in 2001 and in each of the next four years, to satisfy the maintenance of cost requirement.

However, under the surplus pension asset transfer law, an employer could effectively circumvent the maintenance of cost requirement by offering the same coverage but reducing the number of retirees to

whom it offers coverage.

"Because the minimum cost requirement relates to per capita cost, an employer could satisfy the minimum cost requirement by maintaining the average cost even though the employer defeats the purpose of maintenance of cost requirement by reducing the number of people covered by the health plan," the IRS said.

To deal with this apparent loophole, the IRS has added a new requirement in the final regulations. Specifically, that requirement would not be met if employer actions reduced the number of retirees eligible for coverage by more than 10% in any year over the five-year period. The requirement also would not be met if the sum of the annual percentage decreases during the five-year period exceeded 20%.

This new requirement "closes a little loophole," and that is not an unreasonable move, said Kyle Brown, an attorney with Watson Wyatt Worldwide in Washington.

"A de minimis reduction is OK," Aon's Mr. Bone said.

The final regulations also ad-

*A new IRS rule limiting cuts in the number of retirees eligible for health plan coverage 'closes a little loophole.'*

— Kyle Brown  
Watson Wyatt Worldwide

dress how employers can meet the maintenance of cost requirement when they sell subsidiaries or divisions. Assuming the seller didn't retain the retiree health care liability, the maintenance of cost requirement would be met if the purchaser agreed to assume responsibility for providing and maintaining—for five years—the same level of health care coverage to retired workers of those units or divisions they received prior to the sale.

But, if the purchaser later reneged on that agreement or, for example, went out of business, the original seller would again—in order to meet the maintenance of cost requirement—be liable for providing coverage to retirees.

If the seller refused to do that, the pension asset transfer requirements would not be met and the seller would face a 50% excise tax on the transferred amount, plus a 15% penalty because the transfer would be considered a prohibited transaction.

Even worse, the employer's pension plan would face the risk of disqualification, Mr. Bone said.

"Very bad things would happen," said Watson Wyatt's Mr. Brown.

Because of that risk, employers that sell units and want to transfer pension assets must maintain coordination and communications with purchasers to ensure that coverage is maintained, Mr. Coleman said. **BI**

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## OPINIONS

## Parity ruling hits the mark

If ever there were a court decision that was right on target, it is U.S. District Court Judge Robert Lasnik's ruling this month that a health plan violates federal law if it excludes coverage for prescription contraceptives while providing coverage for a wide range of other drugs.

Simply put, Judge Lasnik wrote that to exclude from a comprehensive drug plan a class of prescription products used only by women, such as birth control pills and diaphragms, is discriminatory; that is because such an exclusion makes the women's coverage less valuable than that offered to men, he wrote.

Judge Lasnik's ruling came in response to a class-action suit brought against the Bartell Drug Co., a drugstore chain, by Jennifer Erickson, a 27-year-old pharmacist, and by other female Bartell employees. The judge wrote that the exclusion of prescription contraceptives violates the federal Pregnancy Discrimination Act, which requires health plans to treat pregnancy, childbirth or related conditions the same way they treat other medical expenses.

Judge Lasnik's ruling is not surprising, at least to us. Denying coverage for prescriptions used exclusively by women is an obvious case of sex discrimination.

What truly is baffling, though, is why companies—and Bartell is far from the only employer to do this—impose such limitations in their health care plans. It would be unheard of, for example, for a company to deny coverage for the medication to treat high blood

pressure. Why, then, are prescription contraceptives singled out for exclusion?

Surely, cost is not an issue. While prescription contraceptives are not inexpensive—those most commonly prescribed have an annual retail cost of about \$300 per user—that expense is far outweighed by the medical cost of unwanted pregnancies.

Another argument cited in support of denial of coverage—that contraceptives are not a "medical necessity"—perhaps would be more compelling if employers weren't offering coverage for "lifestyle" prescription products, such as Viagra.

To be sure, some employers, especially religious organizations, may have moral objections to providing coverage for prescription contraceptives. But the morality of providing such coverage was not at issue in the Erickson litigation.

Regrettably, for whatever reason, many companies have had a blind spot when it comes to health care coverage for pregnancy-related conditions. Until the late 1970s, hundreds, if not thousands, of employers—including some Fortune 500 companies—provided less coverage for pregnancy compared with that provided for other medical conditions; sometimes, no coverage whatsoever was provided for pregnancy. It took an act of Congress to stop that overt discrimination.

Additionally, some companies capped the pregnancy hospitalization benefits for the wives of male employees—often at just \$500—while providing full



hospital benefits for the husbands of their female employees. A 1983 Supreme Court decision put a stop to that practice.

Why companies failed in the past to provide equitable coverage for pregnancy and currently for prescription contraceptives is beyond our understanding. Such actions are certain to alienate a high percentage of an employer's staff, and that is not a good way to maintain a satisfied, productive workforce.

We hope that more companies will come to this realization and that it doesn't take more litigation to ensure that employers provide equitable coverage for prescription contraceptives.

## LETTERS

## Story on Texas changes missed key point

To the editor: Your June 4 article on legislation to convert the Texas Workers' Compensation Insurance Fund into a mutual insurer, "Texas Lawmakers Pass Workers Comp Reforms," while interesting, unfortunately missed the entire point of the legislative exercise.

The purpose of this legislation was not to alter the fund's basic responsibility to provide a market of last resort for Texas employers. Rather, the legislation was de-

signed to protect the fund against future raids on its surplus. Just such a raid was threatened in 1999, when a \$400 million diversion of fund surplus was proposed to help finance a general tax cut.

Ultimately, we beat that proposal and saved the fund's surplus safety net, to the benefit of Texas consumers and workers compensation insurers.

Like other insurance company surpluses, the Texas Workers' Compensation Fund's

surplus serves a specific and valuable function: It is the financial cushion that protects policyholders in case of unexpectedly high claims.

For that reason, the American Insurance Assn. did not oppose the legislation in question.

**Ron Cobb**  
Vp-Southwest Region  
American Insurance Assn.  
Austin, Texas

## LETTERS TO THE EDITOR

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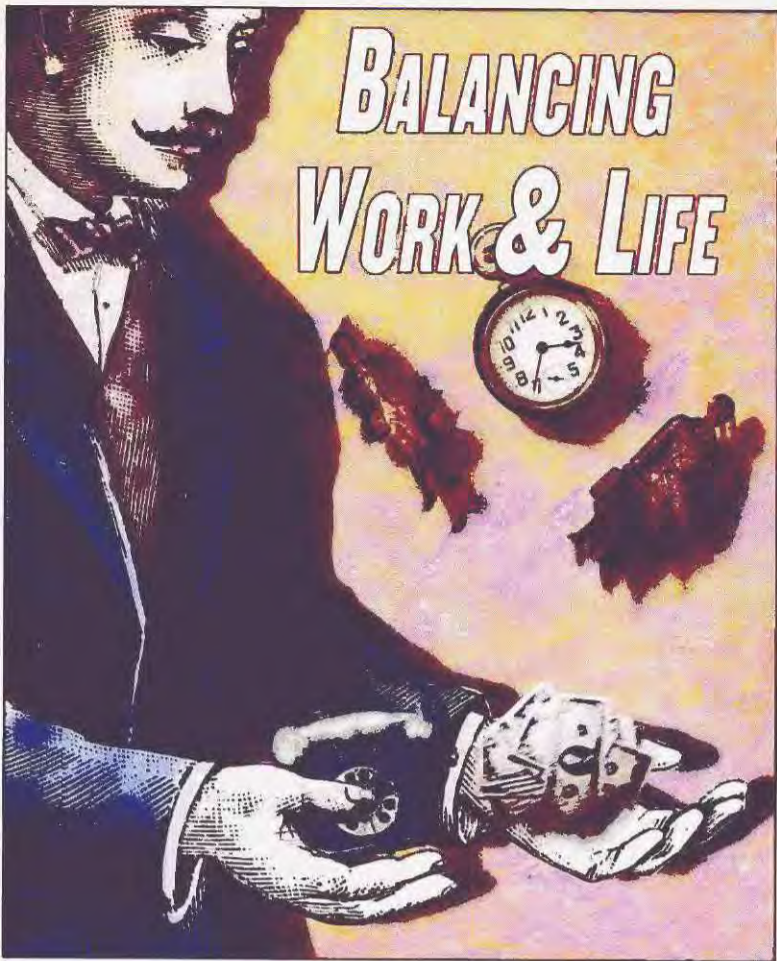


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**SPOTLIGHT**



# Sabbatical programs becoming valuable way to retain employees

By MICHAEL BRADFORD

**L**etting employees go for a while can be a great way to keep them.

While the number of companies that offer sabbaticals remains low, those that do offer time away from work are finding that employees return from such leave with a deeper commitment to their jobs. There also is the added bonus of increased morale and productivity. And happier workers produce satisfied customers, experts agree.

"We're finding more interest in the whole scheme of alternative work arrangements," said Julie Peterson, an organizational effectiveness consultant in Watson Wyatt Worldwide's human capital group in Minneapolis. Sabbaticals are "one part of the scheme" and have been found to enhance employee commitment to employers, she added.

"Certainly, many employers are looking at (offering sabbaticals) as a way to help retain people," said Jon Van Cleve, work/life consultant with Hewitt Associates L.L.C. in Lincolnshire, Ill. Sabbaticals have become particularly valuable to companies where there is a "high burnout level" and

management is interested in keeping and rewarding longtime employees, he said.

Studies indicate that a small but slowly increasing percentage of companies are offering sabbaticals.

William M. Mercer Inc.'s 2000 Survey of Work/Life Initiatives found that 15% of 450 large employers that responded offered paid sabbaticals last year. That's an increase from 11% of employers that responded when the survey was last completed in 1998.

Another survey found fewer employers offering the benefit, though many more are considering offering it. Five percent of 520 employers surveyed by Hewitt Associates last year indicated that they offered a sabbatical program; another 12% said they were considering offering the programs.

The Hewitt study showed that employers, in many cases, offer the benefit so workers can "refresh and recharge." Sixty-nine percent of respondents offering sabbaticals gave that as one of the reasons for allowing such leave.

Giving employees a change to recharge was the reason SGI, formerly Silicon Graphics Inc., decided to institute a sabbatical program.

See **Sabbatical** on page 12

## The 10 largest EAP providers

Ranked by the total number of lives covered at year-end 2000

Company	Total number of clients	Total number of covered lives
Magellan Behavioral Health	1,590	14,563,500
ComPsych Corp.	525	6,000,000
Horizon Behavioral Services	262	1,933,412
Ceridian	1,094	1,800,000 <sup>1</sup>
VMC Behavioral Healthcare Services	122	1,720,000
Wood & Associates	30	1,000,000
Bradman/Unipsych Cos.	100 <sup>2</sup>	1,000,000
Bensinger, DuPont & Associates	220	625,000
Perspectives Ltd.	125	550,000
New Directions Behavioral Health	373	501,352

<sup>1</sup>Employee lives only <sup>2</sup>Estimatec  
Source: BI survey

## More employers embracing EAPs

By LEE FLETCHER ROSENBERG

**T**he stigma attached to employer-sponsored employee assistance programs is fading as EAPs incorporate work/life services into their offerings.

While EAPs are still very involved in drug-free workplace initiatives, they're increasingly supporting management efforts to identify and assist troubled and stressed-out employees, said Joy A. Riley, an Atlanta-

based consultant with Watson Wyatt Worldwide.

"I think employers figured out that, if you've got a situation with child care or elder care and they want their employee at work, you'd better provide them some services," Ms. Riley said.

Jeff Krause, manager of EAP operations for CIGNA Behavioral Health in Eden Prairie, Minn., said that EAPs initially were used to help employees who had problems with alcohol.

"Employers were seeing that these employees were coming in late to work, they weren't doing

quality work, and there was absenteeism. There were all kinds of performance issues, and the only option they had was to fire them," Mr. Krause said. But employers believed that firing these employees was a waste; their attitude was, he said, "We trained (them), these are good people; I wish we could help them with this problem."

EAPs today focus more on "helping both the employer as a customer and the individual employee as a customer to do one thing—to be successful in the

See **EAPs** on page 16

## Need for elder care programs grows

More than half of Americans expect to care for elderly relative: Poll

By JOANNE WOJCIK

**W**hen George Peacock's mother-in-law became ill last August, he knew the situation would affect his home life. But he was unprepared for the impact it would have on his work life.

Because the Peacocks lived near their ailing relative, Mrs. Peacock became her mother's primary caregiver. Fortunately, Mrs. Peacock's mother had a long-term care insurance policy, which helped relieve the financial burden. But as her mother's condition deteriorated, Mrs. Peacock's time commitment became greater and she was forced to abandon her work as, ironically, a long-term care consultant.

And because the couple have three young children, Mr. Peacock, a senior vp

at Mullin Consulting Inc. in Washington, reduced his hours at the office and curbed his business travel to care for them.

The elder care experience, which ended last week when Mrs. Peacock's mother died, gave Mr. Peacock a new appreciation of the need for elder care and LTC insurance programs in the workplace.

"It was a real eye-opener," he said. "The ripple effect is enormous."

Today, nearly 25% of households have at least one adult who has provided care for an elderly parent or other relative at some point during the last 12 months, according to a study by the National Alliance for Caregiving, the National Center on Women and Aging and the MetLife Mature Market Institute.

Over the next decade, more than half of Americans say it is likely they will be responsible for the care of an elderly parent or other relative, according to a 1998

opinion poll by the National Partnership for Women & Families.

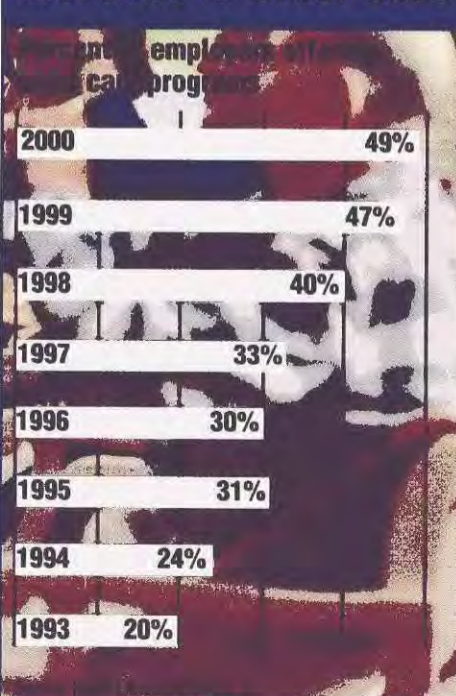
"That means almost half of the employed population will be faced with an elder care dilemma," said Kelly Brantman, director of work/life at ComPsych Corp., a work/life benefits provider in Chicago.

Yet only 49% of U.S. employers offer elder care programs to help ease the burden on their employees of providing care, according to a survey by Lincolnshire, Ill.-based consultant Hewitt Associates L.L.C. Even fewer—just 20%—offer their employees access to long-term care insurance for themselves or their parents, Hewitt found.

And because of the recent downturn in the economy, most employers are not even considering adding new benefits to their offerings, consultants say.

See **Elder care** on page 14

### Increase in elder care

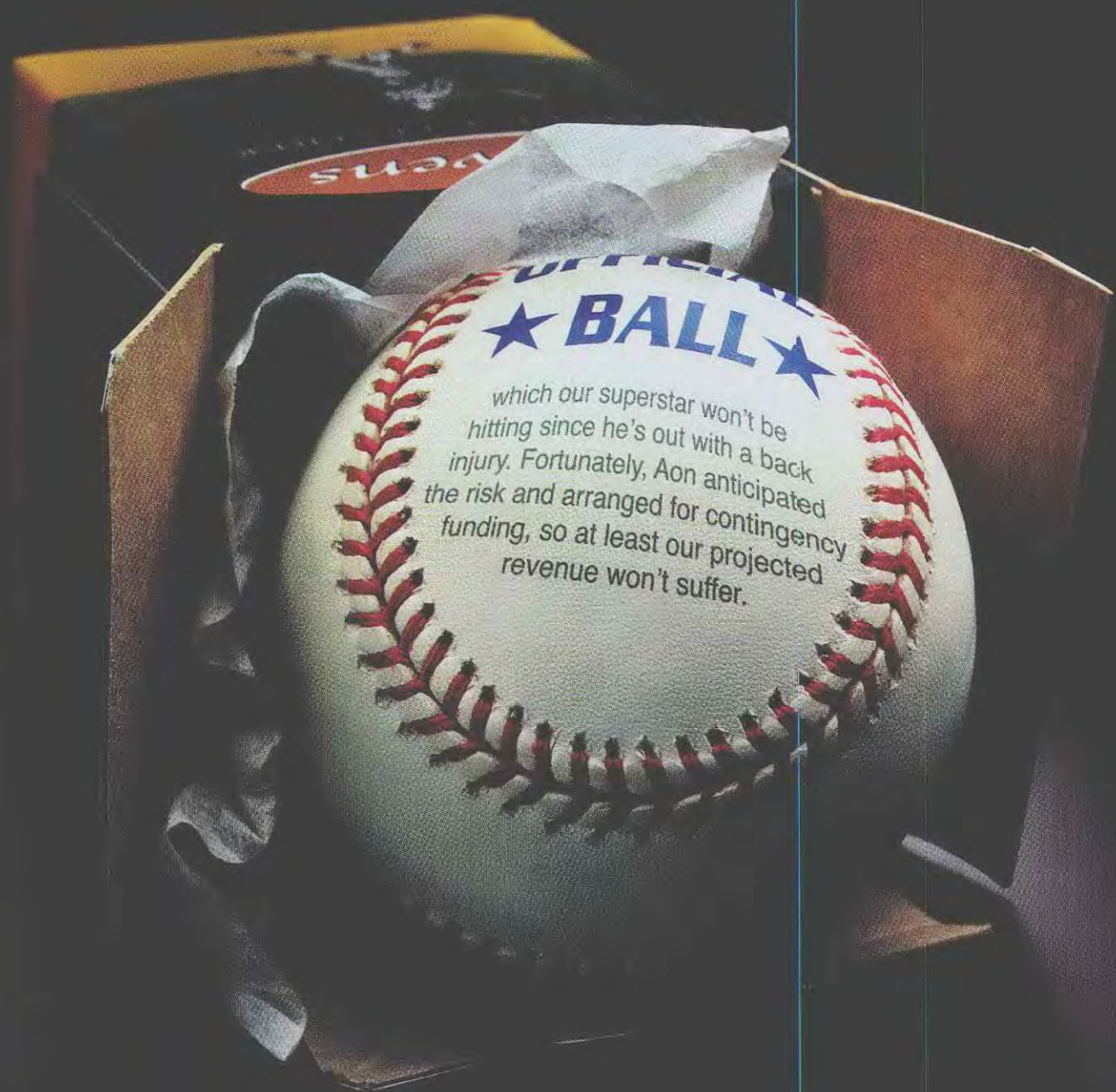


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SPOTLIGHT EDITOR:  
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## SPOTLIGHT

## Elder care

Continued from page 10

But employers may want to rethink that strategy, especially if they really are interested in improving the bottom line, elder care experts say.

In terms of lost productivity, the aggregate annual cost to U.S. businesses related to employees' caregiving efforts is between \$11.4 billion and \$29 billion, according to a 1997 survey conducted by The National Alliance of Caregiving, the American Assn. of Retired Persons and MetLife Co.'s Mature Market Institute. This figure includes the costs stemming

from absenteeism, the need to replace employees, stress-related illnesses, workday interruptions and supervisors' time.

And providing care hurts employees' pocketbooks, too.

Nearly two-thirds of the caregivers participating in another MetLife survey, the November 1999 "Juggling Act Study," reported that their elder care responsibilities had a negative impact on their earning power. Of those able to quantify the monetary impact, the loss in average total wage wealth over their lifetimes equaled \$659,139, including \$566,443 in lost wages, \$25,494 in lost Social Security benefits and \$67,202 in lost pension benefits.

At the same time, employees caring for disabled elders covered by long-term care insurance are nearly two times more likely to stay in the workforce than are those caring for uninsured individuals, according to a third MetLife study, "Does Long Term Care Insurance Make a Difference?" published in March of this year.

When the economy was booming in recent years, "employers were thinking about benefits to add to be more competitive," said Rich Sinni, Northeast health and welfare practice leader for Unifi Network, a unit of PricewaterhouseCoopers L.L.P. in New York. But since the economy

started slowing, "employers are thinking about cutting back, not adding, benefits."

"Things have changed just recently," said Michelle Miers, a principal in the Houston office of Buck Consultants Inc. "Last year, we were looking at forward-thinking benefits. Now, people are looking at what they're going to get hit with on the medical side."

But providing elder care programs and LTC insurance are not expensive propositions. In fact, elder care programs can cost less than \$1 per employee per month, and LTC insurance is usually provided as an employee-pay-all benefit, with employers picking up just the administrative costs. Furthermore, elder care resource and referral services can eliminate distractions for employees and help make them more productive, experts in the field point out.

"Instead of making 35 phone calls, the employee makes one call," said William H. Mulcahy, president and co-founder of Work & Family Benefits in Cedar Knolls, N.J.

Based on turnover costs of \$7,500 per employee, Washington-based mortgage buyer Federal National Mortgage Assn. estimates that it saved \$75,000 in the first six months after it introduced its elder care program, more than covering the program's cost.

Fannie Mae implemented the program—even hiring a full-time, onsite care manager—after an employee survey showed that 70% of its employees expected to have an elder care need within the next five years.

Since last July, Care Manager Lisa Yagoda says she has fielded at least 1,000 inquiries and consultations.

"When I considered this job, I wondered what I'd be doing all day," said Ms. Yagoda. "But I am shocked at the volume as well as the complexity of the situations."

She added that even though statistics indicate that women carry most of the caregiving burden, she has been surprised by the number of men seeking consultations.

The typical situation involves a full-time employee—generally caring for a child at home—whose parent, who usually lives out of state, is diagnosed with a debilitating illness and a need for long-term care.

Among the issues Ms. Yagoda helps the employee resolve are what kind of care is needed, how it will be financed, who will monitor the care when the employee is not present and whether transportation is needed.

The service has been extremely valuable to employees, 28% of whom said their caregiving situations were serious enough that they would have been forced to quit their jobs had they not gotten help through the elder care resource and referral service, Ms. Yagoda said.

Like Fannie Mae's program, today's employer-provided elder care programs generally offer more than just information and referral services. They also provide financial planning, legal consultations, emotional counseling

and, in some cases, even concierge services, which aid employees with errands.

"We try to take a very holistic approach, in that when an employee has to deal with an elder, the issues go beyond the elder," said Ms. Brantman of Comppsych.

For example, "when you're caring for your mother, who has time to make dinner? We wish life came wrapped in nice little packages, but we can't just have one package called 'elder care' and address the global need," she said.

"Elder care referral has been around for about 15 years, but it's slowly, but surely, getting better," observed Patricia DeBlasis, national program manager in Minneapolis for ARAG Group, a Des Moines, Iowa, based dependent

*'Traditional benefits respond to the postwar era; they don't respond to today's workforce need.'*

— William H. Mulcahy  
Work & Family Benefits

care resource and referral service provider.

"Child care and elder care are quite different," she said. "When you have a baby, you have at least nine months to plan. But the need for elder care happens all of a sudden. It also causes a flip-flop in the relationship between a parent and child."

And because of the aging population and the growing need for elder care services, more and more providers are getting into the business.

For example, Fortis Benefits Insurance Co. in March began offering its clients Work & Family Benefits' elder care resource and referral services as part of an overall work/life benefit program, according to Mark Bohlen, senior vp-marketing for Fortis in Kansas City, Mo.

"We decided to get into this business when we saw the impact of demographic changes on the workplace," he said.

"Traditional benefits respond to the postwar era; they don't respond to today's workforce need," said Mr. Mulcahy of Work & Family Benefits.

While an estimated 47% of today's workforce has some dependent care need, less than 10% of the workforce has access to fundamental child care and elder care resource and referral services, he estimates.

And, as the workforce ages, the need for elder care services is likely to surpass that for child care, predicts Ms. Brantman of Comppsych.

Diane Piktialis, director of work/life products in Boston for Minneapolis-based Ceridian Corp., agreed. "We've had at least five or six key clients come to us to ask about expanding their elder care programs. Elder care has surpassed child care as an issue," she said. EJ

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## SPOTLIGHT

## EAPs

Continued from page 10

workplace," Mr. Krause said.

Most EAPs, especially the larger vendors, Ms. Riley said, have referral services for child care, elder care and legal and financial services. "These services are considered standard and part of the basic pricing for the EAP," she said.

Mr. Krause said that, because societal demographics are changing, "it makes sense now" to incorporate work/life programs into EAPs.

"With more single parents in the workplace; with the sand-

wich generation, where you're taking care of kids and your parents—as these life stressors are impacting our employees, it makes sense that we look at a way to assist our employees again to be more successful in the workplace," he said.

At San Francisco-based United Behavioral Health, employee assistance and work/life programs are united in a single division known as Working Solutions.

"It's an enormously comprehensive range of services," said Saul Feldman, chief executive officer and chairman of United Behavioral Health.

Mr. Feldman said Working

Solutions can help an employee with almost any problem that might otherwise take up that person's time. But he stressed that it is important not only to offer a variety of services but to increase access to them.

"You can have available a full range of services, but if access is difficult, you're not helping people very much," Mr. Feldman said.

Currently, employees can access many EAPs by mail, through toll-free telephone calls and via Internet-based services. But Mr. Feldman said that providing the requested information or referral is just the start of his company's service.

"Working Solutions doesn't just give you the information and leave you on your own. Somebody becomes a coach, a facilitator and someone with whom you can interact, if you choose to, on an ongoing basis to help you with the problems that you're experiencing," Mr. Feldman said.

*'You can have available a full range of services, but if access is difficult, you're not helping people very much.'*

— Saul Feldman  
United Behavioral Health

Mr. Krause said that every call that comes into CIGNA's EAP is regarded as a consultation. He cited as an example a call that might start out as a request to help a parent find child care.

"In the context of that consultation, we might hear other stressors, like, 'The reason why I'm getting child care is because I just went through a divorce and we're moving, relocating, and I need to take care of this,'" Mr. Krause said.

But while EAPs now offer a broader array of benefits, just 5% to 6% of eligible employees make use of the services, Watson's Ms. Riley said.

"I just don't think employees really understand what's out there," she said.

Ms. Riley said that some underuse stems from ineffective benefit communication. "In some environments, EAP programs are (still) seen as someplace you have to go if you get in trouble with your manager," she said.

Mr. Krause said he expects to see greater use of EAPs as work/life programs become incorporated into the programs. "Once people understand it, it sells itself. I think we need to listen to our customers about what works most effectively in getting the message out to their employees," he said.

Jim Beaver, vp, benefits design and consulting group at First Union Corp. in Charlotte, N.C., said that his organization has not yet completely united its employee assistance and work/life programs. Still, Mr. Beaver said, it seems to be "a natural fit to combine—or at least work closely together—the two."

Mr. Beaver agreed that concerns such as elder care and child care affect productivity and that putting "all types of referral information into a one-stop shop or within two closely knit entities" makes it easier for employees to get the information they need.

"We live in a society in which we want information immediately, and if you can give employees and their dependents immediate access to information, you can go a long way in resolving issues promptly," he said. BI

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Kevin Rooney,  
Vice President,  
Internet Risk Specialist  
New York

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# Directory of employee assistance program providers

## American Behavioral

2 Metroplex Drive, Suite 300,  
Birmingham, Ala. 35209;  
205-871-7814; fax: 205-868-9600  
www.americanbehavioral.com

**Staff**

Salaried employees	26
Contracted professionals	1,778
<b>EAP clients</b>	
Total	1,804
Lives covered at year-end 2000	250,000
Employees	105,000
Dependents	147,000
<b>Revenues</b>	
Total 2000	\$2,800,000
Total 1999	\$2,600,000

**Services began:** 1991.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.

**Service area:** Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming.

**Reporting:** monthly.  
**Billing:** capitated fee, \$2 PEP, fee for service.  
**Officers:** Allen S. Blackwell, CEO; Lita A. Clark, vp; G. Eric Brown, CFO.

## B

## Behavioral Health Systems Inc.

2 Metroplex Drive, Suite 500,  
Birmingham, Ala. 35209;  
800-245-1150; fax: 205-789-1178  
www.bhs-inc.com

**Staff**

Salaried employees	50
Contracted professionals	6,500
<b>EAP clients</b>	
Total	80
Lives covered at year-end 2000	200,000
Employees	80,000
Dependents	120,000
<b>Revenues</b>	
Total 2000	\$5,500,000
Total 1999	\$5,000,000
EAP services	12%

**Services began:** 1989.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.

**Counseling sites:** all worksites, EAP facilities, practitioners' offices.

**Service area:** worldwide.  
**Reporting:** monthly, quarterly, annually, as requested.

**Billing:** flat fee, capitated fee, \$25 per employee per year, fee for service.

**Officers:** Deborah Stephens, president/CEO; Pat Friedley, senior vp-administration; Kay Huff, vp-finance.

**Contact:** Sandy Capps, vp-employee assistance services; scapps@bhs-inc.com.

## Bensinger, DuPont & Associates

20 N. Wacker Drive, Suite 920,  
Chicago, Ill. 60606;  
312-726-8620; fax: 312-726-1061

**Staff**

Salaried employees	28
Contracted professionals	620
<b>EAP clients</b>	
Total	220
Lives covered at year-end 2000	625,000
Employees	175,000
Dependents	450,000
<b>Revenues*</b>	
Total 2000	\$3,900,000
Total 1999	\$3,400,000

**Services began:** 1985.  
**For profit.**

**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** all worksites.  
**Service area:** Illinois, Kentucky, Maryland, Mis-

souri, North Carolina, Ohio, Oklahoma, Tennessee, Virginia, West Virginia.

**Reporting:** quarterly, annually.  
**Billing:** flat fee, capitated fee, fee for service.

**Officers:** Peter B. Bensinger, Robert L. DuPont.  
\* *Bl estimates.*

## Bradman/Unipsych Cos.

7777 Davie Road Extension, Suite 100A,  
Hollywood, Fla. 33024;  
954-704-8686; fax: 954-704-8677

**Staff**

Salaried employees	37
Contracted professionals*	2,200
<b>EAP clients</b>	
Total*	100
Lives covered at year-end 2000	1,000,000
Employees	454,545
Dependents	545,455
<b>Revenues*</b>	
Total 2000	\$6,000,000
Total 1999	\$4,000,000

**Services began:** 1986.  
**For profit.**

**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.

**Counseling sites:** all worksites, EAP facilities, practitioners' offices, phone counseling.

**Service area:** nationwide.  
**Reporting:** as requested.

**Billing:** capitated fee.  
**Officers:** Leo Bradman, president.  
\* *Estimated.*

## Business Health Services

711 W. 40th St., Suite 207,  
Baltimore, Md. 21211;  
800-765-3277; fax: 410-889-7397  
www.bhsonline.com

**Staff**

Salaried employees	25
<b>EAP clients</b>	
Total	25
Lives covered at year-end 2000	50,000
Employees	40,000
Dependents	10,000
<b>Revenues</b>	
Total 2000	\$500,000
Total 1999	\$500,000
EAP services	100%

**Services began:** 1983.  
**Parent:** Janus Associates Inc.

**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review.

**Counseling sites:** EAP facilities, practitioners' offices, phone counseling.

**Specialties:** federal agencies.  
**Service area:** nationwide.

**Reporting:** quarterly.  
**Billing:** flat fee, capitated fee, fee for service.

**Officers:** Dawn Motovidiak, CEO.  
**Contact:** Lesley Morgan, marketing and business development manager; lesley@januseap.com.

## C

## Carilion EAP

213 McClanahan St., Suite 201A,  
Roanoke, Va. 24014;  
540-981-8950; fax: 540-981-8957  
www.carilion.com

**Staff**

Salaried employees	29
Contracted professionals	65
<b>EAP clients</b>	
Total	92
Lives covered at year-end 2000	125,000
Employees	40,000
Dependents	85,000
<b>Revenues</b>	
Total 2000	\$550,000
Total 1999	\$500,000
EAP services	100%

**Services began:** 1984.  
**Parent:** Carilion Health System.

**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** stress management, alcohol awareness, drug awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** all worksites.  
**Service area:** Illinois, Kentucky, Maryland, Mis-

souri, North Carolina, Ohio, Oklahoma, Tennessee, Virginia, West Virginia.

**Reporting:** quarterly.  
**Billing:** flat fee, capitated fee, \$16 per employee per year, fee for service, small business consortium.

**Officers:** Janet Crawford, vp-Carilion Behavioral Health; Mark Derbyshire, director-outpatient services; Rick Seidel, director-inpatient services.

## Ceridian

3311 E. Old Shakopee Road,  
Minneapolis, Minn. 55425-1640;  
800-729-7655 ext. 3801; fax: 314/872-8805  
www.ceridian.com

**Staff**

Salaried employees	687
Contracted professionals	5,000
<b>EAP clients</b>	
Total	1,094
Lives covered at year-end 2000	1,800,000
Employees	1,800,000
<b>Revenues</b>	
Total 2000	\$1,200,000,000
Total 1999	\$1,300,000,000

**Services began:** 1974.  
**Parent:** Ceridian Corp.

**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.

**Service area:** nationwide.  
**Reporting:** monthly, quarterly, annually, as requested.

**Billing:** capitated fee, fee for service, usage-based pricing.

**Officers:** Tony Holcombe, president-Ceridian Employer/Employee Services; Sharon Stein, senior vp-Lifeworks Services; Renee Kennish, vp-service delivery LifeWorks Services.

## Ann Clark Associates

8910 Jniversity Center Lane, Suite 650,  
San Diego, Calif. 92122;  
858-452-1254; fax: 858-452-7819  
www.annclarkassociates.com

**Staff**

Salaried employees	22
Contracted professionals	7,000
<b>EAP clients</b>	
Total	110
Lives covered at year-end 2000	375,000
Employees	150,000
Dependents	225,000
<b>Revenues</b>	
Total 2000	\$1,000,000
Total 1999	\$750,000
EAP services	100%

**Services began:** 1983.  
**For profit.**

**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.

**Service area:** nationwide, international.  
**Reporting:** quarterly, annually, as requested.

**Billing:** flat fee, capitated fee, \$8.50 to \$28 per employee per year.

**Officers:** Ann D. Clark, president/CEO; Candice Tinney, director-operations; Deanna Smith, corporate secretary.

**Contact:** Michele McDonald, vp-international sales.

## Comprehensive EAP Inc.

5 Militia Drive,  
Lexington, Mass. 02421;  
781-863-8283; fax: 781-860-9839  
www.compeap.com

**Staff**

Salaried employees	3
Contracted professionals	75
<b>EAP clients</b>	
Total	25
Lives covered at year-end 2000	21,000
Employees	8,500
Dependents	12,500
<b>Revenues</b>	
Total 2000	\$400,000
Total 1999	\$370,000
EAP services	100%

**Services began:** 1983.  
**For profit.**

**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** stress management, alcohol awareness, drug awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.

ties, practitioners' offices, phone counseling.

**Service area:** nationwide.  
**Reporting:** quarterly.

**Billing:** capitated fee, \$30 to \$46 per employee per year.

**Officers:** Mark Sagor, president; Robert Kagey, clinical director.

**Contact:** Mark Sagor; 800-344-1011, ext. 224; msagor@compeap.com.

## ComPsych Corp.

NBC Tower, 455 Cityfront Plaza, 24th Floor,  
Chicago, Ill. 60611;  
800-755-3050; fax: 800-595-3125  
www.compsych.com

**Staff**

Salaried employees	210
Contracted professionals	17,200
<b>EAP clients</b>	
Total	525
Lives covered at year-end 2000	6,000,000
Employees	2,400,000
Dependents	3,600,000
<b>Revenues</b>	
Total 2000	\$75,000,000
Total 1999	\$50,000,000
EAP services	65%

**Services began:** 1984.  
**For profit.**

**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.

**Specialties:** corporate multinational clients.  
**Service area:** worldwide

**Reporting:** monthly, quarterly, annually, as requested.

**Billing:** flat fee, capitated fee.  
**Officers:** Richard A. Chafetz, chairman/CEO; Robert Jacobson, CFO.

## CONTACT Behavioral Health Services

1400 E. Southern Ave., Suite 800,  
Tempe, Ariz. 85282;  
800-888-1477; fax: 480-730-5528  
www.contactbhs.com

**Staff**

Salaried employees	92
Contracted professionals	908
<b>EAP clients</b>	
Total	150
Lives covered at year-end 2000	385,000
Employees	160,000
Dependents	225,000
<b>Revenues</b>	
Total 2000	\$12,000,000
Total 1999	\$10,000,000
EAP services	25%

**Services began:** 1979.  
**Parent:** Banner Health System.

**Not for profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.

**Service area:** nationwide.  
**Reporting:** monthly, quarterly, annually, as requested.

**Billing:** flat fee, capitated fee, fee for service.

**Officers:** Larry Frazier, CEO; Glenn Tanita, COO; Jenny Peters, CFO.

**Contact:** Michael Silver, director-business development; msilver@contactbhs.com.

## Continuum Employee Assistance

1135 M St., Suite 40C,  
Lincoln, Neb. 68508;  
402-476-0186; fax: 402-476-2757  
www.4continuum.com

**Staff**

Salaried employees	9
<b>EAP clients</b>	
Total	9
Lives covered at year-end 2000	84,000
Employees	24,000
Dependents	60,000
<b>Revenues</b>	
Total 2000	\$570,215
Total 1999	\$602,693
EAP services	100%

**Services began:** 1974.  
**Not for profit.**

**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** selected worksites, EAP facilities, phone counseling.

**Specialties:** small business  
**Service area:** Alabama, Arkansas, California, Colorado, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Missouri, Nebraska, New Jersey, North Carolina, Ohio, South Dakota, Texas, Virginia.

**Reporting:** quarterly, annually.  
**Billing:** flat fee, capitated fee, \$21 per employee per year.

**Officers:** Sheryl Wright, president; Dennis Steizer, vp, Mike Short, secretary/treasurer.

## Corporate Counseling Associates Inc.

475 Park Ave S.,  
New York, N.Y. 10016;  
212-686-6827; fax: 212-686-6511  
www.corporatecounseling.com

**Staff**

Salaried employees	35
Contracted professionals	3,000
<b>EAP clients</b>	
Total	150
Lives covered at year-end 2000	335,000
Employees	110,000
Dependents	225,000
<b>Revenues</b>	
Total 2000	\$5,600,000
Total 1999	\$5,000,000
EAP services	90%

**Services began:** 1985.  
**For profit.**



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**Health promotion services:** stress management, alcohol awareness, drug awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Service area:** international.  
**Reporting:** quarterly.  
**Billing:** capitated fee.  
**Officers:** Jodie Collins, president/CEO; Bev Marquez-Propp, COO; Ken Larsen, vp-business development.  
**Contact:** Laurel Peterson, 800-327-2287, ext. 484; Deb Haugen, business development specialist, 800-327-2287, ext. 493; info@eapintl.com.

**Employee Counseling Service**

2650 Olive St.,  
 St. Louis, Mo. 63103-1489;  
 800-633-9672; fax: 314 371-6508  
 www.providentc.org

**Staff**

Salaried employees	6
Contracted professionals	307
<b>EAP clients</b>	
Total	40
Lives covered at year-end 2000	90,570
Employees	57,901
Dependents	32,669
<b>Revenues</b>	
Total 2000	\$590,855
Total 1999	\$611,491
EAP services	94.8%

**Services began:** 1979.  
**Parent:** Provident Counseling Inc.  
**Not for profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** Department of Defense, education, medical, non-profit agencies, utilities.  
**Service area:** nationwide.  
**Reporting:** quarterly, annually.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** Kathleen Buescher, president/CEO-Provident Counseling Inc.; Cynthia Jurishica, chief professional officer-Provident Counseling Inc.; Ken Bolyard, director-EAP and workforce services-Provident Counseling Inc.  
**Contact:** Margaret Boraz, corporate sales and market development; 800-533-3800, ext. 148; margaret.boraz@providentc.org.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** Department of Defense, education, medical, non-profit agencies, utilities.  
**Service area:** nationwide.  
**Reporting:** quarterly, annually.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** Kathleen Buescher, president/CEO-Provident Counseling Inc.; Cynthia Jurishica, chief professional officer-Provident Counseling Inc.; Ken Bolyard, director-EAP and workforce services-Provident Counseling Inc.  
**Contact:** Margaret Boraz, corporate sales and market development; 800-533-3800, ext. 148; margaret.boraz@providentc.org.

**Services began:** 1979.  
**Parent:** Provident Counseling Inc.  
**Not for profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** Department of Defense, education, medical, non-profit agencies, utilities.  
**Service area:** nationwide.  
**Reporting:** quarterly, annually.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** Kathleen Buescher, president/CEO-Provident Counseling Inc.; Cynthia Jurishica, chief professional officer-Provident Counseling Inc.; Ken Bolyard, director-EAP and workforce services-Provident Counseling Inc.  
**Contact:** Margaret Boraz, corporate sales and market development; 800-533-3800, ext. 148; margaret.boraz@providentc.org.

**Employee Resource Systems Inc.**

29 E. Madison St., Suite 1600,  
 Chicago, Ill. 60602;  
 312-780-6316; fax: 312-780-6344  
 www.employeeresourcesystems.com

**Staff**

Salaried employees	18
Contracted professionals	3,000
<b>EAP clients</b>	
Total	95
Lives covered at year-end 2000	325,500
Employees	93,000
Dependents	232,500
<b>Revenues</b>	

Total 2000	\$1,300,000
Total 1999	\$1,100,000
EAP services	90%

**Services began:** 1993.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** nationwide, U.S. Virgin Islands, Canada.  
**Reporting:** quarterly.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** Gary S. Cohen, William R. Heffernan, co-presidents.  
**Contact:** Gary S. Cohen, gcohen@employeeeresourcesystems.com; William R. Heffernan, wheffernan@employeeeresourcesystems.com.



**Family Service EAP**

430 N. Canal St.,  
 Lawrence, Mass. 01843;  
 800-683-9544; fax: 978-683-1026  
 www.familyserviceinc.com

**Staff**

Salaried employees	32
Contracted professionals	307
<b>EAP clients</b>	
Total	34
Lives covered at year-end 2000	90,570
Employees	57,901
Dependents	32,669
<b>Revenues</b>	
Total 2000	\$363,000
Total 1999	\$305,500
EAP services	90%

**Services began:** 1982.  
**Parent:** Family Service Inc.  
**Not for profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices.

**Service area:** nationwide, Puerto Rico.  
**Reporting:** annually, as requested.  
**Billing:** capitated fee, \$32 per employee per year.  
**Officers:** Kay Berthold Frishman, executive director; Lenny DeBenedictis, EAP director; Debbie Schmidt, controller.  
**Contact:** Lenny DeBenedictis; 800-683-9544, ext. 31; fsagi@aol.com.

**Services began:** 1975.  
**Parent:** Horizon Health Corp.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** all worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** banking, health plans, insurance, international amusement parks, municipalities, power and energy, school districts.  
**Service area:** nationwide, Puerto Rico, U.S. Virgin Islands, Canada.  
**Reporting:** monthly, quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** James W. McAttee, president/CEO-Horizon Health Corp.; Linda Lairter, president; Dorothy Harrison, vp-EAP division.



**Health Resources EAP**

190 N. Main St.,  
 Natick, Mass. 01760;  
 800-451-1834; fax: 508-655-9922  
 www.healthresourcescorp.com

**Staff**

Salaried employees	10
Contracted professionals	9,604
<b>EAP clients</b>	
Total	377
Lives covered at year-end 2000	350,000
Employees	100,000
Dependents	250,000
<b>Revenues</b>	
Total 2000	\$12,000,000
Total 1999	\$11,000,000
EAP services	30%

**Services began:** 1981.  
**Parent:** Health Resources.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** nationwide, Canada, Europe.  
**Reporting:** monthly, quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** Robert Gogey, CEO; Thomas Diffily, president; Patricia Dzindolet, pdzindolet@hlthres.com.  
**Contact:** Patricia Dzindolet; pdzindolet@hlthres.com.

**Services began:** 1981.  
**Parent:** Health Resources.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** nationwide, Canada, Europe.  
**Reporting:** monthly, quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** Robert Gogey, CEO; Thomas Diffily, president; Patricia Dzindolet, pdzindolet@hlthres.com.  
**Contact:** Patricia Dzindolet; pdzindolet@hlthres.com.

**Services began:** 1981.  
**Parent:** Health Resources.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** nationwide, Canada, Europe.  
**Reporting:** monthly, quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** Robert Gogey, CEO; Thomas Diffily, president; Patricia Dzindolet, pdzindolet@hlthres.com.  
**Contact:** Patricia Dzindolet; pdzindolet@hlthres.com.

**Horizon Behavioral Services**

1500 Waters Ridge Drive,  
 Lewisville, Texas 75057;  
 972-420-8323; fax: 972-420-7761  
 www.horizoncare.net

**Staff**

Salaried employees	193
Contracted professionals	16,800
<b>EAP clients</b>	
Total	262
Lives covered at year-end 2000	1,933,412
Employees	773,365
Dependents	1,160,047
<b>Revenues</b>	
Total 2000	\$38,602,113
Total 1999	\$47,009,295
EAP services	19.2%

**Services began:** 1975.  
**Parent:** Horizon Health Corp.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** all worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** banking, health plans, insurance, international amusement parks, municipalities, power and energy, school districts.  
**Service area:** nationwide, Puerto Rico, U.S. Virgin Islands, Canada.  
**Reporting:** monthly, quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** James W. McAttee, president/CEO-Horizon Health Corp.; Linda Lairter, president; Dorothy Harrison, vp-EAP division.

**Services began:** 1975.  
**Parent:** Horizon Health Corp.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** all worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** banking, health plans, insurance, international amusement parks, municipalities, power and energy, school districts.  
**Service area:** nationwide, Puerto Rico, U.S. Virgin Islands, Canada.  
**Reporting:** monthly, quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** James W. McAttee, president/CEO-Horizon Health Corp.; Linda Lairter, president; Dorothy Harrison, vp-EAP division.

**Services began:** 1975.  
**Parent:** Horizon Health Corp.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** all worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** banking, health plans, insurance, international amusement parks, municipalities, power and energy, school districts.  
**Service area:** nationwide, Puerto Rico, U.S. Virgin Islands, Canada.  
**Reporting:** monthly, quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** James W. McAttee, president/CEO-Horizon Health Corp.; Linda Lairter, president; Dorothy Harrison, vp-EAP division.

**Human Behavior Associates L.L.C.**

191 Military E., Suite A,  
 Benicia, Calif. 94510;  
 707-747-0117; fax: 707-747-6646

**Staff**

Salaried employees	5
Contracted professionals	2,500
<b>EAP clients</b>	
Total	53
Lives covered at year-end 2000	54,000
Employees	23,000
Dependents	31,000
<b>Revenues</b>	
Total 2000	\$750,000
Total 1999	\$450,000
EAP services	67%

**Services began:** 1988.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Service area:** Alaska, Alabama, Arizona, California, Colorado, Georgia, Florida, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Minnesota, Missouri, Mississippi, Nevada, New Jersey, New Mexico, New York, North Carolina, Oregon, South Carolina, Tennessee, Texas, Virginia, Washington, West Virginia, Wisconsin, District of Columbia, Puerto Rico, U.S. Virgin Islands; Guam, Japan.

**Services began:** 1988.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Service area:** Alaska, Alabama, Arizona, California, Colorado, Georgia, Florida, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Minnesota, Missouri, Mississippi, Nevada, New Jersey, New Mexico, New York, North Carolina, Oregon, South Carolina, Tennessee, Texas, Virginia, Washington, West Virginia, Wisconsin, District of Columbia, Puerto Rico, U.S. Virgin Islands; Guam, Japan.

**Services began:** 1988.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Service area:** Alaska, Alabama, Arizona, California, Colorado, Georgia, Florida, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Minnesota, Missouri, Mississippi, Nevada, New Jersey, New Mexico, New York, North Carolina, Oregon, South Carolina, Tennessee, Texas, Virginia, Washington, West Virginia, Wisconsin, District of Columbia, Puerto Rico, U.S. Virgin Islands; Guam, Japan.

**Reporting:** monthly, quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service, fee per case.  
**Officers:** James B. Wallace, president; Yolanda Calderon, operations manager, Diane Lansbarkis, customer services manager.  
**Contact:** James B. Wallace.



**Innovative Resource Group**

20900 Swenson Drive,  
 Waukesha, Wis. 53186;  
 800-499-0267; fax: 262-798-2595  
 www.irgresources.com

**Staff**

Salaried employees	22.5
Contracted professionals	36,500
<b>EAP clients</b>	
Total	65
Lives covered at year-end 2000	481,000
Employees	209,100
Dependents	271,900
<b>Revenues</b>	
Total 2000	\$46,830,000
Total 1999	\$36,720,000
EAP services	6.3%

**Services began:** 1985.  
**Parent:** Cobalt Corp.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Service area:** nationwide.  
**Reporting:** quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** James E. Hartert, president/COO; Tammie Miller, vp-health services; Kathryn McGowan, vp-business development.  
**Contact:** Kathryn McGowan; kmcgowan@irgresources.com.

**Services began:** 1985.  
**Parent:** Cobalt Corp.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Service area:** nationwide.  
**Reporting:** quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** James E. Hartert, president/COO; Tammie Miller, vp-health services; Kathryn McGowan, vp-business development.  
**Contact:** Kathryn McGowan; kmcgowan@irgresources.com.

**Services began:** 1985.  
**Parent:** Cobalt Corp.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.  
**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Service area:** nationwide.  
**Reporting:** quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** James E. Hartert, president/COO; Tammie Miller, vp-health services; Kathryn McGowan, vp-business development.  
**Contact:** Kathryn McGowan; kmcgowan@irgresources.com.

**Integra Inc.**

1060 First Ave., Suite 400,  
 King of Prussia, Pa. 19-06;  
 610-992-7000; fax: 610-992-0483  
 www.integra-ease.com

**Staff**

Salaried employees	130
Contracted professionals	11,000
<b>EAP clients</b>	
Total	138
Lives covered at year-end 2000	346,665
Employees	192,592
Dependents	154,073
<b>Revenues</b>	
Total 2000	\$26,429,000
Total 1999	\$25,455,000
EAP services	40%

**Services began:** 1978.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, stress management, alcohol awareness, drug awareness.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.  
**Counseling sites:** practitioners' offices.  
**Service area:** all states, excluding Alaska.  
**Reporting:** quarterly.  
**Billing:** capitated fee.  
**Officers:** Eric Anderson, president/CEO; Jack Brown, CFO; Gregory Santore, vp-sales and marketing.  
**Contact:** Gregory Santore; gsantore@integratease.com.

**Services began:** 1978.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, stress management, alcohol awareness, drug awareness.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.  
**Counseling sites:** practitioners' offices.  
**Service area:** all states, excluding Alaska.  
**Reporting:** quarterly.  
**Billing:** capitated fee.  
**Officers:** Eric Anderson, president/CEO; Jack Brown, CFO; Gregory Santore, vp-sales and marketing.  
**Contact:** Gregory Santore; gsantore@integratease.com.

**Services began:** 1978.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, stress management, alcohol awareness, drug awareness.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.  
**Counseling sites:** practitioners' offices.  
**Service area:** all states, excluding Alaska.  
**Reporting:** quarterly.  
**Billing:** capitated fee.  
**Officers:** Eric Anderson, president/CEO; Jack Brown, CFO; Gregory Santore, vp-sales and marketing.  
**Contact:** Gregory Santore; gsantore@integratease.com.

**Integrated Insights**

9370 Sky Park Court, Suite 140,  
 San Diego, Calif. 92123;  
 858-571-1698; fax: 858-278-3648  
 www.integratedinsights.com

**Staff**

Salaried employees	40
Contracted professionals	9,000
<b>EAP clients</b>	
Total	340
Lives covered at year-end 2000	370,000
Employees	175,000
Dependents	195,000
<b>Revenues</b>	
Total 2000	\$5,200,000
Total 1999	\$5,000,000
EAP services	90%

**Services began:** 1979.  
**Parent:** Health & Human Resource Center.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** stress management, alcohol awareness, drug awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.

**Services began:** 1979.  
**Parent:** Health & Human Resource Center.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.  
**Health promotion services:** stress management, alcohol awareness, drug awareness, elder care.  
**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** biotechnology, education, high-tech.  
**Service area:** nationwide, Australia, Canada; Europe; Mexico; New Zealand.  
**Reporting:** as requested.  
**Billing:** flat fee, capitated fee.  
**Officers:** Stephen Heidel, CEO; Peggy Wagner, vp; Dan Hanzlik, director-sales and marketing.  
**Contact:** Dan Hanzlik.

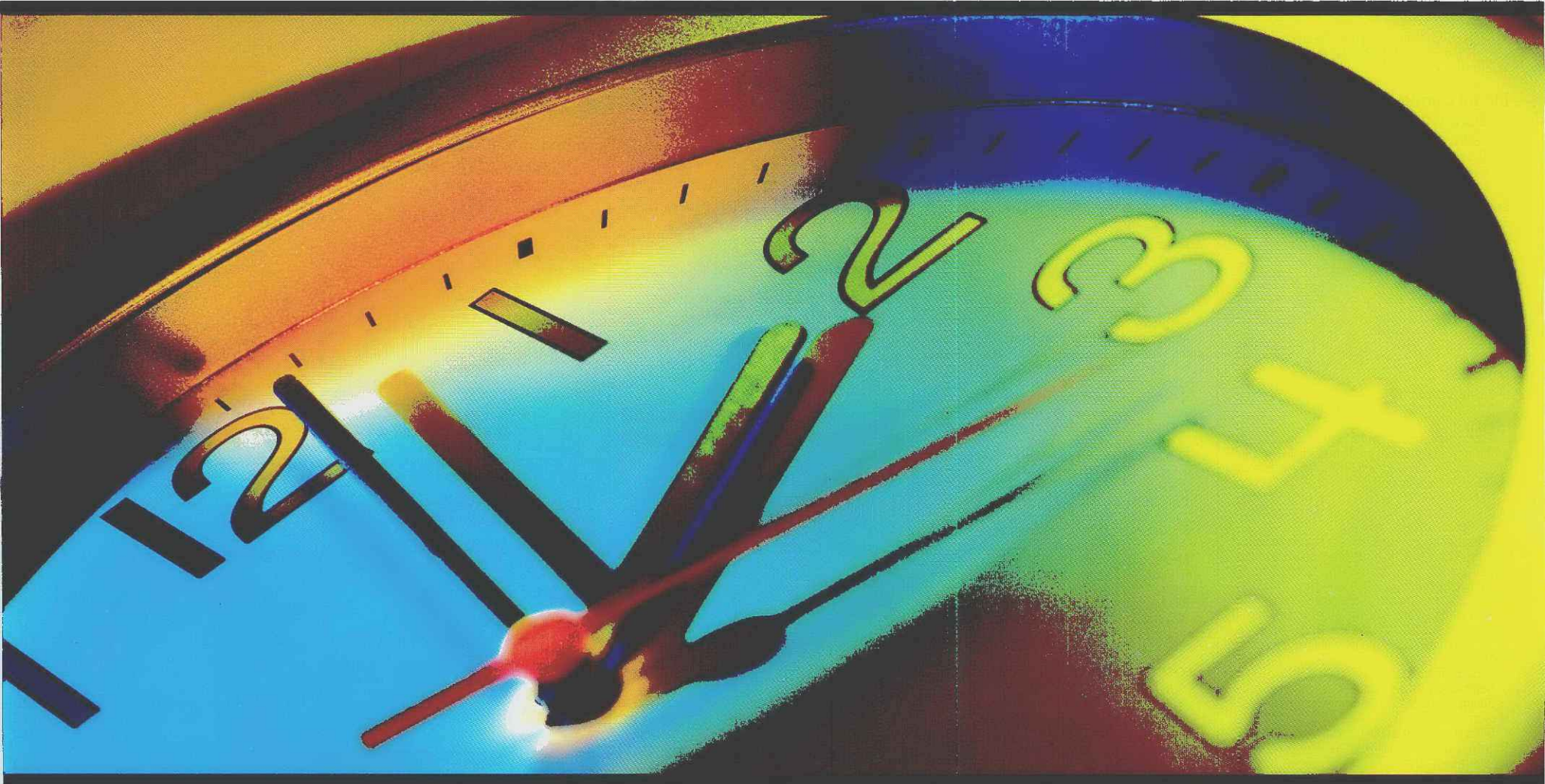
**Interface EAP**

7670 Woodway, Suite 350,  
 Houston, Texas 77063;  
 713-781-3364; fax: 713-784-3241  
 www.ieap.com

**Staff**

Salaried employees	26
Contracted professionals	6,389
<b>EAP clients</b>	
Total	240
<b>Revenues</b>	
Total 2000	\$3,000,000
Total 1999	\$3,000,000

How do you  
assess the real value  
of technology?



E-fficiency.

It's about saving time. Money. And making better decisions. Which is why Zurich North America connects you to the information you need to manage risk more efficiently. Daily claims reports. Risk engineering. Coverage and policy information. With web-enabled tools that help you pinpoint loss areas and trends. Identify your risks worldwide. Link all parties within a paperless claims process. And reduce transaction costs. So you can do business on your time. On your terms. It means easier collaboration. Less administration. And a stronger bottom line. Zurich North America. E-ffective. *Connecting here. To there.*



**ZURICH**

[www.zurichna.com](http://www.zurichna.com)  
1-800-382-2150

Continued from previous page

concerns, adolescent treatment.  
**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.

**Counseling sites:** all worksites.  
**Service area:** nationwide, Canada, Puerto Rico, U.S. Virgin Islands, international capabilities.  
**Reporting:** monthly, quarterly, annually, as requested.

**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** Daniel Messina, president-Magellan Health Services; Dennis Moody, executive vp-behavioral health business operations-Magellan Health Services; Gregory Bayer, president-Magellan Behavioral Health Workplace Group.  
**Contact:** Michael F. Murphy, executive vp/chief marketing officer; 410-953-1249; mfmurphy@magellanhealth.com.

**Mount Carmel Behavioral Healthcare**

1808 E. Broad St., Columbus, Ohio 43203; 614-251-8242; fax: 614-251-1542 www.mcbh.com

Staff	
Salaried employees	35
Contracted professionals	1,087
EAP clients	
Total	50
Lives covered at year-end 2000	96,000
Employees	38,000
Dependents	58,000
Revenues	
Total 2000	\$1,172,000
Total 1999	\$1,380,000
EAP services	29%

**Services began:** 1983.  
**Parent:** Mount Carmel Health System.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** smoking cessation, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.

**Specialties:** construction, government, health care, higher education, high-tech, light manufacturing, research institutes, school systems, transportation.

**Service area:** nationwide.  
**Reporting:** quarterly, annually, as requested.  
**Billing:** capitated fee, \$24 per employee per three-session model.  
**Officers:** Mark Ridenour, executive director; Marc Clemente, medical director; Drew Martensen, director-marketing and sales.  
**Contact:** Drew Martensen; 614-251-1536; dmartensen@mchs.com.

**N**

**New Directions Behavioral Health**

5000 W. 95th St., Suite 300, Shawnee Mission, Kan. 66207; 800-450-8706; fax: 913-982-8201 www.ndbh.com

Staff	
Salaried employees	104
Contracted professionals	1,759
EAP clients	
Total	373
Lives covered at year-end 2000	501,352
Employees	227,887
Dependents	273,465
Revenues	
Total 2000	\$15,616,472
Total 1999	\$15,614,577
EAP services	22%

**Services began:** 1978.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** stress management, alcohol awareness, drug awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.

**Service area:** nationwide, Puerto Rico; Canada.

**Reporting:** monthly, quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** John F. Quick, president/CEO; Maureen T. Hennessey, executive vp/chief clinical officer; Betsy Klein, regional vp.  
**Contact:** Lenora Larson, director-business development; 800-450-8706, ext. 8128; llarson@ndbh.com.

**P**

**Perspectives Ltd.**

111 N. Wabash Ave., Suite 1620, Chicago, Ill. 60602; 312-558-1563; fax: 312-558-1570 www.perspectivesltd.com

Staff	
Salaried employees	50
Contracted professionals	2,000
EAP clients	
Total	125
Lives covered at year-end 2000	550,000
Employees	200,000
Dependents	350,000
Revenues	
Total 2000	\$4,000,000
Total 1999	\$3,700,000
EAP services	90%

**Services began:** 1985.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Specialties:** health care, educational, legal, manufacturing, union and social service organizations.

**Service area:** nationwide.  
**Reporting:** monthly, quarterly, annually, as requested.  
**Billing:** capitated fee, fee for service.  
**Officers:** Bernie Dyme, president; Jeff Blaine, vp-clinical services; Terry Cahill, vp-development.

**Process Dynamics**

5786 Lincoln Drive, Edina, Minn. 55436; 952-936-7730; fax: 952-936-9156 www.process-dynamics.com

Staff	
Salaried employees	4
Contracted professionals	129
EAP clients	
Total	30
Lives covered at year-end 2000	58,240
Employees	16,640
Dependents	41,600
Revenues	
Total 2000	\$386,315
Total 1999	\$375,048
EAP services	100%

**Services began:** 1976.  
**For profit.**  
**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.

**Counseling sites:** all worksites, EAP facilities.  
**Service area:** nationwide.  
**Reporting:** quarterly.  
**Billing:** capitated fee, fee for service.  
**Officers:** Pauline Donovan, president; Barbara Hove, clinical director/vp.  
**Contact:** Pauline Donovan.

**R**

**Recovery EAP**

1738 E. Sunshine, Suite 709, Springfield, Mo. 65804; 417-889-3896; fax: 417-882-3818 www.n3bh.com

Staff	
Salaried employees	104
Contracted professionals	1,759
EAP clients	
Total	22
Lives covered at year-end 2000	22,781
Employees	10,355
Dependents	12,426
Revenues	
Total 2000	\$236,051
Total 1999	\$153,750
EAP services	85%

**Services began:** 1992.  
**Parent:** New Directions Behavioral Health.  
**For profit.**

**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** stress management, alcohol awareness, drug awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review, psychiatric workers compensation review.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.

**Service area:** Arkansas, Kansas, Missouri, Oklahoma.  
**Reporting:** monthly, quarterly, annually, as requested.

**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** Gary L. Turner, president; John F. Quick, president/CEO-New Directions Behavioral Health; Betsy Klein, regional vp-New Directions Behavioral Health.  
**Contact:** Gary L. Turner.

**S**

**The Sand Creek Group Ltd.**

333 N. Main St., Suite 203, Stillwater, Minn. 55082; 651-430-3383; fax: 651-430-9753 www.sandcreekeap.com

Staff	
Salaried employees	5
Contracted professionals	8,000
EAP clients	
Total	327
Lives covered at year-end 2000	333,000
Employees	100,000
Dependents	233,000
Revenues	
Total 2000	\$1,843,000
Total 1999	\$1,650,000
EAP services	90%

**Services began:** 1994.  
**For profit.**

**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** stress management, alcohol awareness, drug awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices.  
**Specialties:** government.  
**Service area:** nationwide, Canada.  
**Reporting:** monthly, quarterly, annually, as requested.

**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** Gretchen M. Stein, president/CEO; Jean Sirotiak, CFO.

**Solutions EAP**

384 Pratt St., Meriden, Conn. 06450; 800-526-3485; fax: 203-238-6867

Staff	
Salaried employees	7
Contracted professionals	170
EAP clients	
Total	52
Lives covered at year-end 2000	
Employees	32,000
Revenues	

Total 2000	\$552,000
Total 1999	\$457,500
EAP services	100%

**Services began:** 1980.  
**Not for profit.**

**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** smoking cessation, stress management, alcohol awareness, drug awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices.  
**Specialties:** educational, health care, municipal, state agencies.

**Service area:** Connecticut.  
**Reporting:** monthly, quarterly, annually.  
**Billing:** flat fee, capitated fee, \$17.50 to \$29 per employee per year, fee for service.  
**Officers:** Fred Morrison, president/CEO.  
**Contact:** George Wassell, director; bwassel@harthosp.org.

**U**

**United Labor Agency of Essex-West Hudson Inc.**

30 Clinton St., Second Floor, Newark, N.J. 07102; 973-623-7878; fax: 973-623-6536

Staff	
Salaried employees	6
EAP clients	
Total	3
Lives covered at year-end 2000	27,000
Employees	9,000
Dependents	18,000
Revenues	
Total 2000	\$209,000
Total 1999	\$209,000
EAP services	100%

**Services began:** 1978.  
**Parent:** Essex-West Hudson Labor Council.  
**Not for profit.**

**Assessment/treatment for:** stress, family/marital problems, alcohol abuse, legal problems, drug/chemical abuse, financial concerns.

**Health promotion services:** stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** EAP facilities.  
**Specialties:** public schools.  
**Service area:** New Jersey.  
**Reporting:** quarterly, annually.  
**Billing:** flat fee.  
**Officers:** Patricia Burroughs, president; Thomas Kenney, executive vp; Betsy Guarducci, executive director.  
**Contact:** ulagency@aol.com.

**V**

**VMC Behavioral Healthcare Services**

100 S. Greenleaf, Gurnee, Ill. 60031; 847-249-1900; fax: 847-249-8846 www.vmcceap.com

Staff	
Salaried employees	190
Contracted professionals	9,163
EAP clients	
Total	122
Lives covered at year-end 2000	1,720,000
Employees	747,826
Dependents	972,174
Revenues	
Total 2000	\$16,000,000
Total 1999	\$17,000,000
EAP services	90%

**Services began:** 1976.  
**For profit.**

**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.

**Service area:** international.  
**Reporting:** monthly, quarterly, annually, as requested.

**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** Mary Vasquez, president; Joe Honor, vp-operations; Dan Kennedy, vp-finance.  
**Contact:** Chuck Hector, sales executive; 847-6253251; chuckhector@vmceap.com.

**W**

**Wood & Associates**

4700 N. Habana Ave., Suite 300, Tampa, Fla. 33614; 800-343-4670; fax: 813-871-6305 www.woodassociates.net

Staff	
Salaried employees	6
Contracted professionals	2,000
EAP clients	
Total	30
Lives covered at year-end 2000	1,000,000
Employees	40,000
Dependents	60,000
Revenues	
Total 2000	\$955,000
Total 1999	\$825,000
EAP services	83%

**Services began:** 1982.  
**Parent:** Gary L. Wood & Associates P.A.  
**For profit.**

**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** stress management, alcohol awareness, drug awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification, psychiatric disability review.

**Counseling sites:** EAP facilities, practitioners' offices, phone counseling.  
**Service area:** nationwide.  
**Reporting:** monthly, quarterly, annually, as requested.

**Billing:** flat fee, capitated fee, \$20 to \$25 per employee per year, fee for service.  
**Officers:** Gary L. Wood, president.

**Workplace Solutions**

19 E. Schaumburg Road, First Floor, Schaumburg, Ill. 60194; 800-327-5071; fax: 847-895-0223 www.wseap.com

Staff	
Salaried employees	30
EAP clients	
Total	160
Lives covered at year-end 2000	313,000
Employees	103,000
Dependents	210,000
Revenues	
Total 2000	\$1,000,000
Total 1999	\$1,300,000
EAP services	100%

**Services began:** 1977.  
**Parent:** Alexian Brothers Health System Inc.  
**For profit.**

**Assessment/treatment for:** stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment.

**Health promotion services:** smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug awareness, AIDS awareness, elder care.

**Educational/general services:** employee education, supervisor training, drug-free workplace regulatory adherence, workplace problem identification.

**Counseling sites:** selected worksites, EAP facilities, practitioners' offices, phone counseling.  
**Service area:** Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Massachusetts, Maryland, Michigan, Minnesota, Missouri, Mississippi, North Carolina, New Jersey, New York, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Utah, Virginia, Wisconsin, District of Columbia, Puerto Rico; Ontario.

**Reporting:** monthly, quarterly, annually, as requested.  
**Billing:** flat fee, capitated fee, fee for service.  
**Officers:** Steve Julius, president; Penny Higgins, vp; Rick Kronberg, vp-operations.

**Workplace Solutions** is associated with 150 affiliated group practices.

**Dependent care resource and referral service providers**

**A**

**ARAG Group**

400 Locust St., Suite 480, Des Moines, Iowa 50309; 515-246-1200; fax: 515-246-8710 www.araggroup.com

**Services began:** 2001.  
**Parent:** Allgemeine Rechtsschutz Versicherungs A.G.  
**Elder care services:** nursing home referrals, meal delivery, household chore services, home health care, Medicare/Medicaid assistance, retirement community placement, adult day care, hospice care referrals, friendly visitor program,

legal/financial assistance service referral.

**Program services:** corporate needs assessment.  
**Service areas:** nationwide, subcontracts for resource and referral services with an outside vendor.

**Staff:** 80 employees at year-end 2000, including 10 dedicated to resource and referral services.

**Communications/quality assurance:** provides management reporting; customized employee communications; management training; vendor references; onsite visits; free test cases; employee satisfaction follow-ups.

**Officers:** Jim Brennan, president; Mike Retherford, COO.  
**Contact:** Marty Schmitt, business development manager; mschmitt@araggroup.com.

**C**

**CareGuide Inc.\***

5820 Stoneridge Mall Road, Pleasanton, Calif. 94588; 800-777-3319; fax: 925-469-8061 www.careguide.com

**Services began:** 1987.  
**Child care services:** adoption services, dependent care center referrals, parenting seminars, after-school services, child care placement, summer programs, special needs services, preschool placement, grade school placement, high school placement, college and university placement, nanny/babysitting referral, temporary illness/emergency child care.

**Elder care services:** nursing home referrals, meal delivery, household chore services, home health care, Medicare/Medicaid assistance, retirement community placement, adult day care, hospice care referrals, friendly visitor program, legal/financial assistance service referral.

**Program services:** corporate needs assessment, employee questionnaires, cost/benefit analysis, consulting of employer/employee financing options, regulatory advisement, focus groups, feasibility studies, community dependent care resource development.

**Service areas:** nationwide.  
**Clients:** 60 clients in 2000, 150,000 employee lives covered in 2000, 10% utilization rate.

**Staff:** 12 employees at year-end 2000, including 10 dedicated to resource and referral services.  
**2000 revenues:** \$750,000; 100% from resource

and referral services.

**Compensation:** child care services: capitated, \$7 per employee per year; fee for services, \$300 per case; elder care services: capitated, \$3 per employee per year; fee for services, \$300 per case.

**Communications/quality assurance:** provides management reporting quarterly, semiannually, annually; customized employee communications; management training; vendor references; onsite visits; free test cases; employee satisfaction follow-ups; management debriefing of problems.

**Officers:** Bart Penfold, CEO; Cathy Leibow, senior vp; Doug Cave, COO.  
**Contact:** Cathy Leibow; cleibow@careguide.com.  
 \*Formerly FamilyCare Inc.

**THE FOLLOWING PREVIEW HAS  
BEEN APPROVED FOR ALL AUDIENCES.**

**COMING SOON IN  
BUSINESS INSURANCE...**

Issue Date	Editorial Feature	Demographic Section	Ad Closing
May 21	<i>Distribution: AAMGA; ACORD</i>	IT Information Technology <i>Distribution: IASA</i>	May 9
May 28	Benefits: Pensions/Retirement Plans <i>Directory: 401(k) Plan Administrators</i>		May 16
Jun 4	<i>Distribution: AIRMIC; IASA</i>	ABT Employee Recruiting & Training	May 23
Jun 11	Government Risk Management <i>Distribution: AAHP; NAIC; PRIMA</i>		May 30
Jun 18		IT Employee Recruiting & Training	Jun 6
Jun 25	Benefits: Balancing Work & Life <i>Directory: EAPs &amp; Dependent Care Resource &amp; Referral Services</i> <i>Distribution: IMCA; SHRM</i>		Jun 13
Jul 2	Midyear Market Report: Property/Casualty & Health Care	ABT Marketing Strategies	Jun 20
Jul 9			Jun 27
Jul 16	30th Annual Agent/Broker Profiles <i>Directory: Agents &amp; Brokers</i>	IT Marketing Strategies	Jul 3
Jul 23			Jul 11
Jul 30	Risk Management Services <i>Directory: Risk Management Consultants</i>		Jul 18
Aug 6	<i>Distribution: VCIA</i>	ABT Legislative Issues	Jul 25
Aug 13	Property Loss Control <i>Directory: Property Loss Control Consultants</i>		Aug 1
Aug 20	Wards Results	IT Legislative Issues	Aug 8
Aug 27			Aug 15

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Continued from previous page

**Ceridian**

3311 E. Old Shakopee Road, Minneapolis, Minn. 55425-1640; 800-729-7655; fax: 314-872-8805 www.ceridian.com  
**Services began:** 1982.  
**Parent:** Ceridian Corp.

**Child care services:** pregnancy planning, adoption services, prenatal classes, dependent care center referrals, parenting seminars, after-school services, child care placement, summer programs, special needs services, preschool placement, grade school placement, high school placement, college and university placement, nanny/babysitting referral, temporary illness/emergency child care.

**Elder care services:** nursing home referrals, meal delivery, household chore services, home health care, Medicare/Medicaid assistance, retirement community placement, adult day care, hospice care referrals, friendly visitor program, legal/financial assistance service referral.

**Program services:** corporate needs assessment, cost/benefit analysis, consulting of employer/employee financing options, focus groups.

**Service areas:** nationwide, Canada, United Kingdom, subcontracts for resource and referral services with an outside vendor.

**Clients:** 690 clients in 2000, 5,200,000 employee lives covered in 2000.

**Staff:** 687 employees at year-end 2000, including 400\* dedicated to resource and referral services.  
**2000 revenues:** \$1,200,000,000.

**Communications/quality assurance:** provides management reporting quarterly, semiannually, annually; customized employee communications; management training; onsite visits; free test cases; employee satisfaction follow-ups; management debriefing of problems.

**Officers:** Tony Holcombe, president-Ceridian employer/employee services; Sharon Stein, senior vp-LifeWorks Services.  
 \*Estimated.

**Child & Elder Care Insights Inc.**

19111 Detroit Road, Suite 104, Rocky River, Ohio 44116; 440-356-2900; fax: 440-356-2919 www.carereports.com

**Services began:** 1985.

**Child care services:** pregnancy planning, adoption services, prenatal classes, dependent care center referrals, parenting seminars, after-school services, child care placement, summer programs, special needs services, preschool placement, grade school placement, high school placement, college and university placement, nanny/babysitting referral, temporary illness/emergency child care.

**Elder care services:** nursing home referrals, meal delivery, household chore services, home

health care, Medicare/Medicaid assistance, retirement community placement, adult day care, hospice care referrals, friendly visitor program, legal/financial assistance service referral.

**Program services:** corporate needs assessment, employee interviews, employee questionnaires, task force formation, cost/benefit analysis, consulting of employer/employee financing options, regulatory advisement, focus groups, feasibility studies, start-up and operational budget preparation, community dependent care resource development.

**Service areas:** international.  
**Clients:** 800\* clients in 2000, 5,400,000 employee lives covered in 2000, 8%\* utilization rate.

**Staff:** 42 employees at year-end 2000, including 36 dedicated to resource and referral services.

**2000 revenues:** \$15,000,000\*\*; 82% from resource and referral services.

**Compensation:** child care services: flat fee, \$50 to \$400; capitated, \$50 to \$15 per year; fee for services, \$50 to \$400 per case; elder care services: flat fee, \$50 to \$400; capitated, \$50 to \$15 per year; fee for services, \$50 to \$400 per case.

**Communications/quality assurance:** provides management reporting quarterly, semiannually, annually; customized employee communications; management training; vendor references; onsite visits; free test cases; employee satisfaction follow-ups; management debriefing of problems.

**Officers:** Elisabeth A. Bryenton, president/CEO.  
**Contact:** Laura Fanelli, marketing and strategic development; 440-356-2900, ext. 12; laura@carereports.com.  
 \*\*Estimate. \*\* BI estimate.

484; Deb Haugen, business development specialist, 800-327-2287, ext. 493; info@eapintl.com.

**Evercare Connections**

1115 S. Waldron Road, Suite 104, Fort Smith, Ark. 72903; 501-478-3201; fax: 501-478-3202

**Services began:** 1995.

**Parent:** Evercare.

**Child care services:** adoption services, prenatal classes, dependent care center referrals, after-school services, child care placement, summer programs, special needs services, preschool placement, grade school placement, high school placement, college and university placement, nanny/babysitting referral, temporary illness/emergency child care.

**Elder care services:** nursing home referrals, meal delivery, household chore services, home health care, Medicare/Medicaid assistance, retirement community placement, adult day care, hospice care referrals, friendly visitor program, legal/financial assistance service referral.

**Program services:** corporate needs assessment, employee interviews, employee questionnaires, task force formation, cost/benefit analysis, consulting of employer/employee financing options, regulatory advisement, focus groups, feasibility studies, start-up and operational budget preparation, community dependent care resource development.

**Service areas:** nationwide, Puerto Rico; subcontracts for resource and referral services with an outside vendor.

**Staff:** 25 employees at year-end 2000, including 25 dedicated to resource and referral services.

**2000 revenues:** \$1,000,000; 90% from resource and referral services.

**Compensation:** child care services: capitated, \$0.30 to \$0.45 per month; fee for services, \$120 to \$160 per case; elder care services: capitated, \$0.15 to \$0.35 per month; fee for services, \$65 to \$135 per case.

**Communications/quality assurance:** provides management reporting quarterly, semiannually, annually; customized employee communications; management training; vendor references; onsite visits; free test cases; employee satisfaction follow-ups; management debriefing of problems.

**Officers:** Marcia Smith, CEO; Rick Jelinek, executive vp-business development; Nellie Johnson, vp-specialty programs.

**Contact:** Jenny Williams, director-sales and marketing; 2120 Calion Road, El Dorado, Ark. 71730; 870-863-9945; j.williams@lifemarkcorp.com.

**W**

**Work & Family Benefits Inc.**

100 E. Hanover Ave., Cedar Knolls, N.J. 07927; 973-267-7766; fax: 973-267-0404 www.wfbenefits.com

**Services began:** 1994.

**Child care services:** adoption services, prenatal classes, dependent care center referrals, parenting seminars, after-school services, child care placement, summer programs, special needs services, preschool placement, grade school placement, high school placement, college and university placement, nanny/babysitting referral, temporary illness/emergency child care.

**Elder care services:** nursing home referrals, meal delivery, household chore services, home health care, Medicare/Medicaid assistance, retirement community placement, adult day care, hospice care referrals, friendly visitor program, legal/financial assistance service referral.

**Program services:** corporate needs assessment, employee interviews, employee questionnaires, task

force formation, cost/benefit analysis, consulting of employer/employee financing options, regulatory advisement, focus groups, feasibility studies, start-up and operational budget preparation.

**Service areas:** nationwide, Puerto Rico, Canada, United Kingdom.

**Clients:** 195 clients in 2000, 185,000 employee lives covered in 2000, 8% utilization rate.

**Staff:** 12 employees at year-end 2000, including 12 dedicated to resource and referral services.

**2000 revenues:** \$1,600,000; 95% from resource and referral services.

**Compensation:** child care services: capitated, \$1 to \$8 per year; fee for services, \$150 per case; elder care services: capitated, \$1 to \$8 per year; fee for services, \$150 per case.

**Communications/quality assurance:** provides management reporting quarterly, semiannually, annually; customized employee communications; management training; vendor references; onsite visits; free test cases; employee satisfaction follow-ups; management debriefing of problems.

**Officers:** William H. Mulcahy, president; Sharon W. Clark, executive vp.  
**Contact:** William H. Mulcahy.

**Work/Life Benefits**

11095 Knott Ave., Suite L, Cypress, Calif. 90630; 800-949-7948; fax: 714-899-4444 www.wlb.com

**Services began:** 1989.

**Parent:** Accor Services.

**Child care services:** pregnancy planning, adoption services, prenatal classes, dependent care center referrals, parenting seminars, after-school services, child care placement, summer programs, special needs services, preschool placement, grade school placement, high school placement, college and university placement, nanny/babysitting referral, temporary illness/emergency child care.

**Elder care services:** nursing home referrals, meal delivery, household chore services, home health care, Medicare/Medicaid assistance, retirement community placement, adult day care, hospice care referrals, friendly visitor program, legal/financial assistance service referral.

**Program services:** corporate needs assessment, employee interviews, employee questionnaires, task force formation, cost/benefit analysis, consulting of employer/employee financing options, regulatory advisement, focus groups, feasibility studies, start-up and operational budget preparation, community dependent care resource development.

**Service areas:** nationwide with affiliated offices in 30 additional countries through parent organization.

**Clients:** 396 clients in 2000, 3,522,000 employee lives covered in 2000.

**Staff:** 161 employees at year-end 2000, including 113 dedicated to resource and referral services.

**2000 revenues:** \$18,000,000\*; 80% from resource and referral services.

**Communications/quality assurance:** provides management reporting quarterly; customized employee communications; management training; onsite visits; free test cases; employee satisfaction follow-ups; management debriefing of problems.

**Officers:** Christopher C. Newton, president/CEO; Molly C. Shonsey, vp-marketing and new business development; Denise Markley, vp-operations.

**Contact:** Bill Gurzi, director-marketing, 800-949-7948, ext. 234; bgurzi@wlb.com.  
 \*BI estimate.

The Spotlight report on Benefits: Balancing Work & Life begins on page 10. The Directory of Employee Assistance Program Providers begins on page 18.

**Explanation of terms used in this directory**

The annual *Business Insurance* Directory of Dependent Care Resource and Referral Services lists organizations that contract directly with employers to provide dependent care resource and referral services on a stand-alone basis. Companies that provide care services only or benefit consulting services only are not included.

*Business Insurance* defines dependent care resource and referral services as the determination of employee dependent care needs, research on available service providers, child care and elder care referrals, and establishment of community dependent care resources.

Listings begin with the company name, address, year resource and referral services began, and parent company, if applicable. Next, **child care services** and **elder care services** are listed. **Program services** provided follow, including necessary preparation and research for corporate dependent care programs.

**Service area** details the locations served either directly or through contracted services. If a company subcontracts with other dependent care resource and referral agencies, that relationship is noted.

Also provided are the number of employer **clients** and the total number

of employee lives covered at year-end 2000. The average utilization rate for resource and referral services is also given. **Staff** information is specified in full-time equivalents for year-end 2000; both the total number of employees and the number of employees dedicated to resource and referral services are listed. **Gross revenues** for 2000 are included, as is the percentage of revenues the company derives from dependent care resource and referral services.

**Compensation** includes the billing methods used and price range for both child care and elder care services. Next, information on **communications and quality assurance** services is provided. **Principal officers** and a **contact** person for those seeking more information complete each listing.

Listings are derived from responses to a questionnaire. The directory is published as an editorial service; there is no charge to be included. Although every effort is made to publish complete and accurate listings, *Business Insurance* is unable to verify all information provided.

To participate in next year's Directory of Dependent Care Resource and Referral Services, please contact Assistant Directory Editor Michel Schwartz at 312-649-5313.

**E**

**Employee Assistance Programs International**

410 17th St., Suite 2000, Denver, Colo. 80202; 800-327-2287; fax: 303-615-9758 www.eapintl.com

**Services began:** 1993.

**Child care services:** pregnancy planning, adoption services, prenatal classes, dependent care center referrals, parenting seminars, after-school services, child care placement, summer programs, special needs services, preschool placement, grade school placement, high school placement, college and university placement, nanny/babysitting referral, temporary illness/emergency child care.

**Elder care services:** nursing home referrals, meal delivery, household chore services, home health care, Medicare/Medicaid assistance, retirement community placement, adult day care, hospice care referrals, friendly visitor program, legal/financial assistance service referral.

**Program services:** employee questionnaires, focus groups.

**Service areas:** nationwide, Canada, subcontracts for resource and referral services with an outside vendor.

**Clients:** 6 clients in 2000, 46,600 employee lives covered in 2000, 3% utilization rate.

**Staff:** 47 employees at year-end 2000, including 13 dedicated to resource and referral services.

**2000 revenues:** \$5,000,000; 8% from resource and referral services.

**Compensation:** child care services: capitated, per month; elder care services: capitated, per month.

**Communications/quality assurance:** provides management reporting quarterly; customized employee communications; management training; vendor references; free test cases; employee satisfaction follow-ups; management debriefing of problems.

**Officers:** Jodie Collins, president/CEO; Bev Marquez-Propp, COO; Ken Larsen, vp-business development.

**Contact:** Laurel Peterson, 800-327-2287, ext.

**W**

**Work & Family Benefits Inc.**

100 E. Hanover Ave., Cedar Knolls, N.J. 07927; 973-267-7766; fax: 973-267-0404 www.wfbenefits.com

**Services began:** 1994.

**Child care services:** adoption services, prenatal classes, dependent care center referrals, parenting seminars, after-school services, child care placement, summer programs, special needs services, preschool placement, grade school placement, high school placement, college and university placement, nanny/babysitting referral, temporary illness/emergency child care.

**Elder care services:** nursing home referrals, meal delivery, household chore services, home health care, Medicare/Medicaid assistance, retirement community placement, adult day care, hospice care referrals, friendly visitor program, legal/financial assistance service referral.

**Program services:** corporate needs assessment, employee interviews, employee questionnaires, task

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**Business Insurance**

## GLOBAL BRIEFS

Stephen Crane, chief executive officer of Alea London Ltd., which was formerly known as Rhine Re, has been named chairman of the London-based **International Underwriting Assn.** Mr. Crane replaces Tim Carroll, CEO of GE Frankona Reinsurance Ltd.... Paul Jardine, chief actuary of Equitas Ltd., is joining the management team of London-based **Catlin Underwriting Agencies Ltd.** on Oct. 1. As a director, Mr. Jardine will participate in the overall management of Catlin, with specific responsibility for developing new financial products.... A.M. Best Co. has assigned a syndicate rating of A to Lloyd's of London **syndicate 1243**, part of Euclidian P.L.C. Best said the rating reflects "the strong overall capital structure of the Lloyd's market... the syndicate's high-quality capital provider, well-above-average expected underwriting performance... attractive niche business position and good underwriting controls. Best added, though, that these strengths are partially offset by the syndicate's "unexceptional expected investment return, limited access to some lines of business due to its small size and short track record."... Moody's Investors Service Ltd. has confirmed its ratings of units of **AMP Group Holdings Ltd.** after AMP announced it is selling its Australian general insurance manufacturing business to Suncorp-Metway General Insurance Co. Ltd. of Brisbane, Australia, and its U.K. general insurance portfolio to Churchill Insurance Co. Ltd. of London for a total of \$1.6 billion Australian (\$840.0 million). Moody's said the sale is in line with AMP's stated intention to focus on higher-margin wealth creation and protection products and services. AMP has also arranged for the purchasers to create general insurance products for AMP to distribute, which Moody's says "should be beneficial in terms of AMP's franchise value and customer services."... Standard & Poor's Corp. has also affirmed its A long-term counterparty credit and insurer financial strength ratings on Stockholm, Sweden-based nonlife insurer **Trygg-Hansa Forsakrings A.B.** after Trygg-Hansa said it is acquiring the domestic nonlife commercial book of Folksam Mutual General Insurance of Stockholm. The takeover would significantly improve Trygg-Hansa's market share in Swedish commercial lines and enhance its position in its domestic nonlife market, S&P said. The purchase would almost double Trygg-Hansa's premium volume in commercial lines, to 2.5 billion Swedish kronor (\$235.2 million) and increase total premiums by more than 20%.... U.K. software company **insurE-com** has launched a claims portal to improve insurance claims management. The portal aims to save time and money by speeding up the claims process and reducing paperwork by delivering information to all participating parties—insurers, brokers, intermediaries and third-party claims management companies—which eliminates rekeying and the separate distribution of data.... Lloyd's managing agency **XL Brockbank Ltd.** has appointed Ken Slack as deputy underwriter for its property treaty account on Lloyd's syndicate 588. Previously, Mr. Slack was responsible for the short-tail treaty accounts for A.E. Grant (Underwriting Agencies) Ltd. At syndicate 588, Mr. Slack will focus on developing U.S. business.

# Independent collapse probed

## U.K. insurer's policyholders face higher rates in buying replacement coverage

By CAROLYN ALDRED

LONDON—Commercial policyholders of Independent Insurance Co. Ltd. face big rate increases as they scramble to replace their policies following the company's collapse last week.

Independent was put into provisional liquidation last Monday due to uncertainties over the adequacy of its loss reserves and its reinsurance arrangements. PricewaterhouseCoopers, as provisional liquidator, is conducting a detailed financial investigation and hopes to put Independent into a scheme of arrangement for running off the company.

Meanwhile, the United Kingdom's Serious Fraud Office, an independent government department charged with investigating allegations of serious or complex fraud, announced

last Thursday that it is conducting an investigation into Independent, following a referral of the matter from the government's Financial Services Authority.

Watson Wyatt, the company's outside actu-

ary, advised Independent's board last month that it could not form an accurate actuarial assessment of the insurer's reserves. Uncertainty also surrounds the discovery by Watson

Wyatt of claims not entered into the company's accounting systems. Two senior directors, including the insurer's finance director, also have said that they had not been told about some of Independent's reinsurance contracts (*BI*, June 18).

Michael Bright, who had previously set up an insurance division for the Edinburgh-based investment company Noble & Co. Ltd., formed Independent in 1986 by combining Noble's insurance operation with the U.K. business of Northbrook, Ill.-based Allstate Insurance Co.

The nascent Independent grew quickly to become an important property/casualty insurer for small and medium-size companies in the United Kingdom, Ireland and Australia. At the end of 2000, Independent had about

See **Independent** on page 27



Lord Cullen led the probe into the fatal 1999 Ladbroke Grove crash.

## Poor training, signal blamed in rail crash

LONDON—The Cullen report into the October 1999 Ladbroke Grove rail disaster strongly criticizes both Railtrack P.L.C., which owns and maintains the track infrastructure of the United Kingdom's rail system, and London-based Thames Trains, a commercial train company.

In his report published last Tuesday, Lord Cullen, who was appointed by Deputy Prime Minister John Prescott to head the government's investigation into the accident, said that "institutional paralysis" at Railtrack was partly to blame for the crash. Lord Cullen said in the report that there had been a "lamentable failure" on the company's part to respond to safety warnings before the accident.

Lord Cullen's report confirmed that the primary cause of the fatal crash was the failure of a Thames Trains driver to stop at a red signal as he left London. The Thames train collided with a Great Western Train traveling into London's Paddington station. Thirty-one passengers were killed, and more than 100 were injured.

But Lord Cullen said that Thames Trains driver Michael Hodder, who was killed in the crash, was only partly to blame. In the report, commissioned by the government's Health and Safety Executive, Lord Cullen suggested that Mr. Hodder, who had qualified as a driver only shortly before the accident, had received inadequate training. "More should have been done to organize management and training in a systematic manner," Lord Cullen said in the report. "There had been gaps in training. (Thames Trains') culture had been slack, and there had been communication failures."

The report said that Railtrack had been warned that drivers were having difficulty reading signals correctly on the Paddington line. Before the accident, eight separate driver overruns had been reported at signal 109—the signal Mr. Hodder crossed. But Lord Cullen said Railtrack had not acted to make the signal more visible. He said there was "a lack of appreciation within Railtrack that deficiencies in the infrastructure could play a significant part in SPAD," or signals passed at danger.

"Ladbroke Grove left an indelible mark on the industry and led us all to take a hard look at rail safety," said Chris Leah, Railtrack's director of safety and environment. "Much work has been done since the accident to make the railways even safer."

The report makes 89 safety recommendations. Lord Cullen will soon complete a report on the entire U.K. rail industry.

—By Sarah Veysey

## Auditor not a fiduciary

# Aussie court limits professional liability

By KATE TILLEY

CANBERRA, Australia—Accountants and other professionals in Australia avoided a potential expansion of their liability after the High Court of Australia ruled that they do not owe a fiduciary duty to their clients.



While Australian professionals are hailing the decision, it is not expected to provide any relief to their escalating cost of professional liability insurance.

The 65-page judgment held that while Perth, Western Australia-based accounting firm Nelson Wheeler acted "incompetently," it did not owe a

fiduciary duty to its client, Duke Group Ltd., which is now in liquidation, according to a statement from the law firm Phillips Fox, which represented Nelson Wheeler in the case. The High Court also slashed a lower court's damages award of \$117 million Australian (\$61.2 million) against Nelson Wheeler to \$32 million Australian (\$16.7 million).

Nelson Wheeler had provided Duke with an independent expert's report on the value of shares in Western United Ltd., including a valuation of the company's assets, in connection with Duke's proposed acquisition of the company, said Joe DeRuvo, a partner in the Adelaide, South Australia, office of Phillips Fox. The report was prepared just before the October 1987 stock market

See **Duke** on next page

# Covering the cost of complex claims

## U.K. public entity buys loss recovery policy

By EDWIN UNSWORTH

LONDON—A district council in England has become one of the first public entities in the United Kingdom to use so-called loss recovery insurance as part of its risk management approach.

The coverage, purchased by West Berkshire District Council, will indemnify the council for the costs of hiring a panel of qualified, chartered loss adjusters to provide full claims preparation and negotiation services. The insurance and claims experts are provided by London-based Loss Recovery Group Ltd., an independent provider of specialty products

and services for handling both personal and commercial insurance claims.

Comparable to legal expenses insurance, the loss recovery coverage pays the cost of professional services relating to claims.

The coverage, brokered by Jardine Lloyd Thompson Municipal Risks, will support the council's strategy for managing property risks. The service will be used in the event of complex or high-value claims where professional claims negotiation is considered necessary. West Berkshire's property portfolio is valued at more than £230 million (\$324.3 million).

See **Claims** on page 27

prohibit foreign governments from owning California insurance companies, the suit charges.

The interest in Executive Life

anti-corruption laws.

"By secretly working together, we believe a group that included foreign investors illegally schemed

that the deceit cost California an opportunity to reap substantial benefits from the sale of the insurance business and the junk bonds

gation by the U.S. Attorney General.

Others named in the lawsuit were CDR Enterprises, Consor-

ants were either unavailable or did not return phone calls from *Business Insurance* seeking comment.

# UPS

Continued from page 1

and tax code interpretations, because we hold nothing more sacred than our reputation," UPS Chairman and Chief Executive Officer Jim Kelly said in a statement.

The case arose from a program UPS developed in the 1980s to insure customer packages for amounts in excess of the \$100 per parcel risk that UPS assumed. Previously, UPS retained the excess risk, charging customers 25 cents per additional \$100 of declared value. It reported

the excess-value charges as taxable income and deducted its losses.

Under a program set up in 1984, though, UPS insured the excess-value risk with an American International Group Inc. unit, which, in turn, reinsured 100% of the business with OPL. OPL was formed by UPS but was later spun off to UPS shareholders.

The IRS challenged the OPL program in 1995, and U.S. Tax Court Judge Robert Ruwe ruled in 1999 that UPS had no business reason for the program other than avoiding tax. UPS continued to perform all of the functions it had before OPL ex-

isted, including collecting excess value charges and adjusting and paying claims, the judge found. AIG provided no service other than fronting for OPL, which allowed UPS to pass premium on the hugely profitable business offshore without declaring it as income, he concluded.

The divided 11th Circuit panel disagreed with most of these findings last Wednesday.

While sham transactions have no economic effect other than the creation of tax benefits, the UPS program featured "a real insurance policy between UPS and (AIG)...And even if the odds of losing money on

the policy were slim, (AIG) had assumed liability for the losses," the panel found.

Even if AIG was nothing more than a conduit for premiums, "there remains the fact that OPL was an independently taxable entity that is not under UPS' control," the judges added. "UPS really did lose the stream of income it had earlier reaped from excess-value charges.... These circumstances distinguish UPS' case from the paradigmatic sham transfers of income, in which the taxpayer retains the benefits of the income it has ostensibly foregone."

The fact that UPS performed the same functions as it had before OPL's creation does not mean the program had no business purpose, the court also ruled.

"A 'business purpose' does not mean a reason for a transaction that is free of tax considerations. Rather, a transaction has a 'business purpose,' when we are talking about a going concern like UPS, as long as it figures in a bona fide, profit-seeking business," the judges wrote.

Because Judge Ruwe ruled for the IRS without addressing its arguments for reallocating OPL income to UPS, the appeals court remanded the case to the tax court for a ruling on that issue.

A portion of the Internal Revenue Code, section 482, requires related parties to use arm's-length pricing in their transactions, noted Mr. Jones, the tax lawyer. Another code provision, section 845, gives the IRS broad authority to reallocate income

where transactions have a "significant tax-avoidance effect," he said.

When the case returns to the tax court, "they will be arguing about proper pricing under 482 and was there a significant tax-avoidance effect under 845," Mr. Jones said.

UPS maintained last week that its package insurance rates have always been lower than those of the U.S. Postal Service and other commercial delivery services.

The 11th Circuit ruling should cheer captive owners for a couple of reasons, experts say.

For one thing, the court stated clearly that a company can have a legitimate business purpose for a transaction that includes tax considerations, said Roy Sedore, a lawyer with Baker & McKenzie in New York. The appeals court also refused to view the AIG fronting arrangement as an indication of a sham, finding that even a 100% reinsurance cession creates risk for the fronting insurer and thus an economic impact, he added.

Captive experts were also concerned that the lower court relied too heavily on evidence of UPS officials' tax motivations in forming OPL, Mr. Jones said. This "psychoanalytic approach" leads to the possibility that even a captive arrangement that otherwise meets legal requirements could be challenged if it was motivated by tax considerations, he said.

"That fog has been lifted, and we can rely on objective criteria" in the tax law for judging an arrangement's legitimacy, he said. **BI**

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## COMMENTARY

# Patience with rhetoric waning

The patient's bill of rights has sadly become a political football.

Listening to the content and the tenor of the debate over the proposed legislation coming from both the Democrats and the Republicans is discouraging, to say the least.

Spin doctors for both parties are engaging in gross exaggerations as they promote their own favored bills and take potshots at the other side's proposal, heaping on the hyperbole to grab sound bites and headlines. I realize these distortions are politics as usual, but it's even more annoying when you know something about the issues.

Technically, both bills are bipartisan; but in reality, the Democrats support one and Republicans, the other.

The rhetoric from both sides borders on the ridiculous.

Republicans, for example, are trying to scare employees and employers by warning that the Democrats' proposal will make health care so expensive that employers will drop their group health plans. According to the Congressional Budget Office, an earlier version of the Democrat-supported measure would increase health care costs by 4.2%, while the Republican-backed proposal would increase costs 2.9%. These are only estimates, but assuming they are in the ballpark, the number of employers that would drop group health plans if the cost goes up closer to 4% than 3% presumably would be minimal.

The debate over how costly this legislation would be has centered on where and for how much patients should be allowed to sue their health plans. But to the extent that plans treat members fairly and in accordance with the new law, there should be little litigation.

Nevertheless, the Democrats keep repeating that the rights promised by the legislation are "meaningless unless enforceable," namely through state court actions and unlimited awards for pain and suffering and punitive damages. That allegation ignores the

importance of new rights to external reviews promised by the legislation, as well as a new right for all patients to recover for economic damages resulting from a health plan's actions.

At the same time, Republicans are going way over the top with their allegations that all the Democrats want to do is unleash a torrent of frivolous lawsuits—including those against innocent employers—and line the pockets of trial attorneys.

No one benefits from frivolous lawsuits, not even trial attorneys. And the Democrats have maintained that they don't want to expose to litigation employers that simply sponsor group health plans.

Both parties are so entrenched in their positions on noneconomic damages—including pain and suffering and punitive awards—that the legislation could die, either in Congress or by a veto.

If only the two parties toned down the rhetoric, a bill acceptable to both parties could be crafted. It would include patient rights that everyone agrees are essential, including easier access to specialists and emergency room treatment, outside review of plans' decisions and the right to recover economic damages.

There are two ways to deal with the issues that divide the parties: Both sides could agree to leave them out of this bill for consideration by another Congress; or, each side could give up a position to a sunset provision. For example, the legislation could allow suits in state courts—as the Democrats want—and could grant Republicans' wish for a \$500,000 cap on pain and suffering awards, but extend each provision only for five or 10 years. Five to 10 years would reveal how well the legislation achieves its goals and what amendments might be needed.

This legislation also could be an experiment in overhauling the punitive damages system. As we have advocated over the last three decades in our editorials, when companies are punished for their conduct, the damages should be paid into a fund that performs some good in society, rather than to an individual. This legislation would be an excellent place to start such reform, by allowing punitive damages awards but requiring that they be paid into a public fund, perhaps for subsidizing coverage for the uninsured.

Nearly three-quarters of Americans favor a patient protection law, even if it would result in higher costs for the health care plans, according to a recent New York Times/CBS News poll. Given that demand and both parties' agreement over many protections, I'm optimistic that a bill will be passed that the president can sign.

In the meantime, we'll have to watch the leadership of both parties kick the bills around to score more political points.

*Publishing Director Kathryn J. McIntyre's commentary appears fortnightly and on [www.businessinsurance.com](http://www.businessinsurance.com). She can be reached at [kmcintyre@crain.com](mailto:kmcintyre@crain.com).*



Kathryn J. McIntyre

# Health plan

*Continued from page 3*

60% of dissatisfied employees favor the approach, and only 32% of satisfied employees favor it.

Yet about 80% of employees still want employers to negotiate price and performance standards, facilitate enrollment and premium payment, screen plans for quality and monitor their performance, and intervene if a plan denies payment or treatment.

Employers in the study, meanwhile, are cautious about adding plans, with 50% believing that doing so would improve employee satisfaction. But 83% believe adding plans would increase their administrative burden, 75% say it would reduce their negotiation clout, and 79% believe it would increase employee confusion. Only 15% said increasing plans is a high priority.

The study also shed light on employers' views on implementing a defined contribution approach. Some see it as a cost containment measure, Mr. Drummer said. But most employers believe that the risks associated with that approach outweigh potential savings. Those risks include greater employee dissatisfaction with various aspects of their health coverage, including less employer involvement.

"If employers are correct, there is even more risk to employee satisfac-

tion when employees finally figure out what they have given up by being in a defined contribution environment," Mr. Drummer said.

The study findings point to several measures that can improve employee satisfaction, he said. They include: greater communication to employees about their benefits; improving vendor quality, access and service; and expanded choice.

"If not expanding the choice of plans, expanding the choice of providers" would help improve satisfaction, Mr. Drummer said.

One company with a health care benefits model aimed at providing greater provider choice is Minneapolis-based Vivius Inc. Under its "personalized health care system," employees can use a Web site to create their own customized networks of providers, explained Mark Springer, Vivius director of business development.

In Vivius' program, employers contribute pretax dollars to employees' health care purchasing accounts, he told attendees at the AAHP forum. Employees then use that money to build a personalized panel of doctors, specialists or health facilities where they wish to receive care. Employees may also direct how the dollars in their accounts are spent by setting copayments for various services.

For their part, medical providers can use the Web site to describe their services and other information

that can be useful to consumers, such as where they obtained their medical degrees. They also state their price for providing coverage for one year.

In that "open market" arena, provider prices are likely to drop and quality will increase because the medical providers are competing on the Web site for employee dollars, Mr. Springer said.

Mr. Drummer said the Vivius model may have more appeal for small employers than large ones. Large employers are concerned about worker health and productivity and don't want to lose control of decisions affecting those issues, he said.

But Mr. Springer disagreed. The model can meet all the benefit design needs of employers who are not large enough to offer several health plan options. But very large employers also are likely to find the model attractive and it does allow them to influence employee health, he said.

"I really believe that we will see, and it is in our feedback from meeting with a number of Fortune 500 companies, that they view this as another option that they would like to make available to their employees," he said.

*The Watson Wyatt study, expected to be completed by the end of June, is part of a report on best practices that will be available at [www.watsonwyatt.com](http://www.watsonwyatt.com).*

# 'Presenteeism' lowers productivity

By ROBERTO CENICEROS

LOS ANGELES—Employers that want to improve employee health and productivity likely will eventually have access to more-comprehensive disease management programs, according to two speakers at the American Assn. of Health Plans' 2001 Managed Care Institute & Display Forum.

Current disease management programs typically focus only on reducing absenteeism. They also tend to target just five to eight costly ailments, including asthma, diabetes and heart disease, the speakers told the forum, held June 10-13 in Los Angeles.

Significant improvement of worker productivity is possible, however. Employers can do so by addressing more ailments that afflict the baby boomer generation and by targeting health conditions that are not so severe to cause absences but result in workers who are on the job but are unwell, they said.

"One of the most interesting facts we are dealing with in the field of productivity is how to measure on-the-job productivity called 'presenteeism,'" said John Riedel, the president of Riedel & Associates Consultants Inc., a Conifer, Colo.-based health consulting firm. "We believe that is a really large item in terms of reduced productivity."

Productivity losses occur when an employee is at work but, for example, is suffering from a migraine headache or feeling the effects of an antihistamine, Mr. Riedel said.

The "dysfunctional results" from an employee working with such health conditions include a decrease in the quality and quantity of work, an increase in mistakes, an overload on other workers and a lowering of staff morale.

While a future generation of employee health and disease manage-



American Association of  
HEALTH PLANS

ment programs will likely focus more on "presenteeism" and not solely on absenteeism, it currently is difficult even to measure a direct link between productivity gains and health care treatment. Efforts to do so are at an early stage, Mr. Riedel said.

But Mr. Riedel said that his review of the existing studies that have analyzed the connection between productivity and employee health improvement programs found a number of links. Exercise programs, influenza vaccinations and referrals of employees to the appropriate care for a variety of ailments all help reduce absenteeism and, thus, boost productivity.

Smoking cessation programs also boost productivity, Mr. Riedel said.

"Even if they only take five minutes for a cigarette break a few times a day, if you have a fairly high number of smokers and you let them take breaks for smoking, it has a significant impact," he said.

In one of the few studies of health concerns and on-the-job productivity, a bank studied its employees who worked in a customer-service call center. The bank measured the impact of ill health on the average amount of time required to address customer calls, Mr. Riedel said. The bank found that several ailments, such as digestive, mental health and respiratory problems, significantly affected productivity even though they did not necessarily result in absenteeism.

Currently, companies that provide disease management services earn about \$350 million in annual revenues, said Vince Kuraitis, a principal at Better Health Tech-

nologies, a Boise, Idaho-based disease management consulting company.

Yet that amount is a pittance compared to the \$700 billion spent annually in the United States on care for chronic conditions, Mr. Kuraitis said. Much of that amount, he said, is spent on baby boomers. Therefore, he said, there exists a great opportunity for disease management programs.

Payers now influence many of the current disease management programs through their desire to cut back on preventable hospitalizations and emergency care. Consequently, the programs focus on low-prevalence conditions with high costs, Mr. Kuraitis said.

"The type of disease management that occurs today primarily (addresses) a very small percentage of your populations," he said. "They are very expensive (ailments), but, as a total percentage of your health plan (enrollees), it is pretty small."

But an emerging disease management model is looking beyond short-term medical cost containment to empower baby boomer patients to manage their diseases over the long term, Mr. Kuraitis said.

Additionally, the emerging model likely will address more than 100 health conditions for which treatment is moderate in cost. Those health concerns include allergies, arthritis, depression and migraine headaches.

Eventually, such models likely will have great appeal to employers, because many of those ailments affect on-the-job productivity.

"My sense of the market is most employers have some awareness of this," Mr. Kuraitis said. "I am not aware of any health plans that have begun to build programs around this. This is an opportunity for health plans to get the attention of employers."

# Cicero

Continued from page 1

member of the town's insurance committee.

They and six other defendants, charged with racketeering conspiracy and fraud, were arrested last week and released on bond pending an arraignment scheduled for June 27. A 10th defendant, who helped run the TPA, Specialty Risk Consultants Inc. of Schaumburg, Ill., is already in federal prison on an unrelated conviction and is cooperating with prosecutors, according to the U.S. Attorney's office in Chicago.

"By disguising transfers from the town as insurance payments, the defendants successfully looted the Town of Cicero of millions of dollars," U.S. Attorney Scott R. Lassar said. "They used their mob connections to turn Cicero into their personal piggy bank."

Cicero officials said in a statement that they are "confident that the town president will be exonerated."

Ms. Loren-Maltese learned of alleged overbilling by Specialty Risk in a 1996 newspaper article, according to her lawyer, Terrence Gillespie. The town later sued Specialty Risk and won a \$104 million judgment, though it has been unable to collect the award and was blocked by federal authorities in an attempt to seize the Wisconsin golf course, Mr. Gillespie said.

An independent investigator hired by the town found no evidence of illegal acts by Ms. Loren-Maltese, according to the Cicero statement.

Cicero, a gritty suburb of about 70,000 on Chicago's western border, has been notorious for official corruption since the 1920s, when Al Capone moved his headquarters from Chicago and took control of Cicero's government.

Cicero officials, including Ms. Loren-Maltese, have publicly chafed at the town's reputation but have made little headway in com-

bating its image as haven for organized crime.

In the early 1990s, Ms. Loren-Maltese's husband, Cicero Town Assessor Frank J. Maltese, pleaded guilty to running a gambling operation for Ernest Rocco Infelise, a Chicago mob figure now in prison. A Chicago federal judge found that Mr. Maltese had also tried to bribe two Cook County judges to fix a gambling case against another Infelise associate, records show.

In early 1993, after the death of Cicero Town President Henry Klosak, Mr. Maltese helped arrange for his wife—a Klosak aide—to take over the town's top job. Mr. Maltese died of cancer later that year, before he was to begin a prison term in the gambling case.

Serving only a few months as interim president, Ms. Loren-Maltese won election to the job in April 1993, was re-elected in 1997 and won a third term earlier this year. Her administration has been beset with problems, though, including federal investigations into Cicero's government that began in 1994.

In the two years before last week's indictment, nine Cicero town officials had been charged with criminal offenses, including bribery and embezzlement.

Last month, a federal jury ordered the town to pay \$1.7 million in damages to former Cicero Police Chief David Niebur and his deputy, Philip Bue, who charged in a civil suit that they were fired for cooperating with federal investigators. Hired as a reformer in 1997, Mr. Niebur charged that Ms. Loren-Maltese fired him only months later after he began investigating allegations that she and other town officials held ownership interests in Ram Recovery Inc., a company with a valuable city towing contract. The jury also assessed \$100,000 in punitive damages against Ms. Loren-Maltese.

Ms. Loren-Maltese's biggest problems may be ahead of her, though, as she faces the latest charges of mu-

nicipal corruption in Cicero. In addition to Ms. Loren-Maltese, the indictment names nine others, several of whom had already been charged in unrelated criminal cases. The are:

- Mr. Spano, identified as a reputed Chicago mobster who secretly controlled Specialty Risk, the TPA handling Cicero's self-insured health plan for town employees. Mr. Spano is already facing federal charges in another alleged scheme in which a mob-affiliated private investigator overbilled Cicero for work involving the police department and split the proceeds with Mr. Spano and others.

- Mr. Schullo, the former public safety director. He is also named with Mr. Spano in the earlier indictment, which charged him with taking kickbacks.

- John LaGiglio, an executive of Specialty Risk and several other companies used in the alleged insurance scheme; and his wife, Bonnie LaGiglio.

- Joseph DeChicco, a Cicero town supervisor, treasurer and member of its insurance committee.

- Michael Spano Jr., Mr. Spano's son and an executive of Specialty Risk and several related companies.

- Gregory Ross, a former criminal investigator for the Internal Revenue Service, who acted as an accountant for the elder Mr. Spano, Mr. LaGiglio and Specialty Risk. Mr. Ross was also named in the January overbilling indictment and was charged with preparing false income tax returns.

- Charles Schneider, a lawyer and financial consultant for the town of Cicero, who also acted as general manager for Specialty Risk and was Ms. Loren-Maltese's tax preparer.

- Frank Taylor, who managed Specialty Risk as a nominee of the elder Mr. Spano and allegedly kicked back part of his salary to Mr. Spano. Mr. Taylor is serving time on an unrelated federal conviction.

According to the indictment, Cicero has long self-insured its health

benefit program for town employees as well as its liability and workers compensation insurance programs. Travelers Corp. unit Travelers Plan Administrators of Illinois Inc. administered the town's health claims until 1992, when the town shifted the job to Specialty Risk. Specialty Risk also administered the town's liability and workers comp claims, according to Assistant U.S. Attorney Randall Samborn in Chicago.

Although Specialty Risk was incorporated two months before taking over Cicero's business, the company was not licensed as a TPA and did not have a written contract with the town, the indictment states. After the 1992 death of Mr. Klosak, the former town president, Mr. Schullo had Mr. Klosak's signature stamp put on a Specialty Risk proposal for the benefit of the town's auditors, prosecutors allege.

Between 1992 and 1998, Cicero officials transferred about \$33.2 million to Specialty Risk, of which \$18.5 million was used to cover town employees' health claims, the indictment says. Much of the money represented town funds, though Ms. Loren-Maltese and other officials required employees in 1994 to start contributing to the cost of their health plan, even as Specialty Risk was falling behind on claim payments, prosecutors say.

Specialty Risk, meanwhile, funneled more than \$10 million to several defendants for their personal use, the indictment charges. A Specialty Risk affiliate, for example, paid \$324,505 to build a vacation home for the elder Mr. Spano in Wisconsin, prosecutors say.

Another \$133,000 went to buy Cadillac DeVilles for the elder Mr. Spano, his son and Mr. LaGiglio. Mr. Schullo got a new Cadillac in return for giving Mr. LaGiglio a Ford Explorer belonging to the town of Cicero, the indictment alleges.

Specialty Risk diverted several million dollars in health plan funds to renovate a golf course and club

house in the remote northern Wisconsin town of Pembine, where Mr. and Mrs. LaGiglio and the Spanos planned to develop a casino resort, the indictment says. Ms. Loren-Maltese also gave Mr. LaGiglio \$300,000 from her political campaign fund to invest in the golf course, and received preferential treatment when Specialty Risk repaid her investment in 1996, prosecutors allege. The casino plan ultimately failed.

Health plan funds were also used to buy and maintain Crown Point Farms, a northern Indiana horse ranch where the elder Mr. Spano and Mr. LaGiglio kept thoroughbreds, the indictment charges.

Along with health premiums, the town also paid Specialty Risk as a consultant: Without soliciting bids or requiring a contract, the town paid Specialty Risk \$750,000 to develop a "workplace safety program." The company actually performed relatively little work for the money, the indictment charges.

Throughout the alleged fraud, Ms. Loren-Maltese, Mr. Schullo and Mr. DeChicco transferred or fired Cicero town employees who questioned the town's overpayments to Specialty Risk, prosecutors allege.

A lawyer for Mr. Ross, the accountant, declined to comment on the indictment. Thomas A. Durkin, a lawyer for Mr. DeChicco, said "there's no evidence, as far as I'm aware, that Mr. DeChicco benefitted in any way shape or form" from the alleged scheme. Mr. Durkin added that he had seen no evidence that his client had authority to fire Cicero employees, as prosecutors have charged.

Lawyers for the other defendants could not be reached.

The charges may not be the last to come out of the U.S. Attorney's extended investigation of Cicero.

Even with the indictment, "there is an ongoing investigation into certain aspects of the Cicero government," according to Assistant U.S. Attorney Matthew Schneider in Chicago. **BI**

# Patients

Continued from page 1

DeWine, R-Ohio, on an amendment that would provide more liability relief for employers faced with coverage-related lawsuits.

Sen. Snowe is "seeing if there can be some way to bridge the differences between the competing measures in a way that will mitigate the impact, particularly on small businesses that offer insurance and prevent an increase in the number of the uninsured," the spokesman said. He added that Sen. Snowe expects to introduce the amendment this week.

The Senate last week began debate on the bill, which is sponsored by Sens. Edward Kennedy, D-Mass., and John Edwards, D-N.C., as well as Sen. McCain. Proponents claim the measure would increase accountability by subjecting managed care plans—and, in some circumstances, employers that sponsor them—to new legal liability for coverage decisions. The proponents say they have no intention of penalizing employers and contend they have crafted a measure that would provide employers with significant protection against lawsuits.

Opponents, which include many employers and insurers, argue that the expanded liability and resulting increase in health care costs would result in some employers dropping

coverage.

While much of last week's debate centered on liability, lawmakers did not even begin considering amendments until Thursday, when they spent more than five hours debating a proposal by Sen. Tim Hutchinson, R-Ark., that would have speeded up the full tax deductibility of health insurance premiums for the self-employed. The amendment was defeated.

A competing patient protection measure—drafted by Sens. Bill Frist, R-Tenn., John Breaux, D-La., and Jim Jeffords, I-Vt.—would place greater limits on health plan liability than would the Kennedy-McCain-Edwards bill (*BI*, May 21). For example, the Frist-Breaux-Jeffords measure would ban punitive damages levied against plans for unlawful denials of coverage and limit non-economic damages to \$500,000. The Kennedy-McCain-Edwards measure is far more expansive and would allow the imposition of so-called "civil monetary penalties," much like punitive damages, of up to \$5 million in such cases.

President Bush has already said he would veto the Kennedy-McCain-Edwards bill if it reached his desk in its current form. He reiterated his support for the Frist-Breaux-Jeffords bill last week. The president told a conference on workforce issues that he wants to sign a patient's bill of rights law before year end.

While the president believes that

patients who are unfairly denied coverage by an HMO should have the right to sue, "we must keep our eye on the purpose," he said. "The idea is to serve more patients, not to create more lawsuits in America." He added, "there are some good bills and some bad ones" and singled out the Frist-Breaux-Jeffords measure as a "reasonable solution to this very important problem."

Despite the president's support of Frist-Breaux-Jeffords, the Senate remains focused on the Kennedy-McCain-Edwards bill. The debate over the bill appears likely to be protracted, and Senate Majority Leader Tom Daschle, D-S.D., has threatened to keep the Senate in session throughout the July 4 recess if the bill doesn't come to a vote before then. The pace of last week's debate indicates that he may have to carry out that threat.

Meanwhile, a nationally known tort law expert warned that enactment of the Senate bill as originally drafted would subject health plans to lawsuits designed to force settlements regardless of the merit of the underlying claims.

Mark Behrens, co-counsel to the American Tort Reform Assn. and a partner in the Washington office of Kansas City, Mo.-based Shook, Hardy & Bacon L.L.P., argued that the measure would expose insurers and employers of all sizes to such nuisance suits. He offered his assessment during a Washington press

conference last week as he discussed a legal analysis of the bill's impact that he and an associate at Shook, Hardy prepared for the Health Insurance Assn. of America.

The House of Representatives also may take up the patient protection issue soon. House Republicans, with the support of House Speaker Dennis Hastert, R-Ill., have been working on a bill that would allow suits against managed care plans under some circumstances but would ban punitive damages. House leaders may unveil the measure this week.

That bill would compete with the House version of Kennedy-McCain-Edwards, which was introduced by Reps. Greg Ganske, R-Iowa, and John D. Dingell, D-Mich., earlier this year. Rep. Charlie Norwood, R-Ga., who launched the effort to enact a patient's bill of rights in the mid-1990s, endorsed that bill.

In addition, the Congressional Budget Office has released an analysis of the additional health care costs employers would face if the Kennedy-McCain-Edwards bill became law. The CBO estimated that employers' costs—assuming they did not change plan design or drop coverage—would increase an average of 4.2% but added that employers changing their plans, would offset roughly 60% of this increase. Such changes could range from switching to less expensive plans to dropping coverage altogether, the CBO said.

The CBO also projected that employers would face cost increases averaging 2.9% if the Frist-Breaux-Jeffords bill were enacted. The CBO estimated that employers would offset roughly 60% of the cost increase of the Frist-Breaux-Jeffords bill as well, which would be achieved by changing or terminating their health plans. **BI**

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# NAIC

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fingerprinting of nonresident producers as part of the states' licensing processes. While such fingerprinting is not a GLB requirement, the CIAB supports performing criminal background checks of producers in their home states and sharing that information with regulators in all states, said Nicole L. Allen, director of state affairs for the CIAB.

Mr. Kirven acknowledges that some state laws are likely to be non-compliant, but such laws won't be officially identified until the NAIC legal department reviews the state laws as part of a certification process.

Although the number of states that are determined to be in compliance may drop, both Mr. Kirven and the CIAB say they believe the NAIC has an adequate cushion to avoid the creation of NARAB.

The federal financial modernization law requires states to adopt licensing reciprocity—rather than the higher standard of uniformity—providing, in essence, that a licensed agent or broker in good standing in his or her home state automatically will be granted a nonresident license by other states.

But some insurance industry representatives emphasize that though the measure has been passed by several states with smaller numbers of producers, reciprocity's effectiveness will be diminished because legislatures in several large states—such as California, Florida and New York—have not approved it.

For example, "as significant as the early record is, reform laws in 35 states amount to just 55% of the total resident and nonresident producers in the country, and those states include only 49% of the direct written premium," said Larry Kibbee, vp of public affairs at the Alliance of American Insurers in Downers Grove, Ill.

"If we don't get these big states, we will not have succeeded," NAIC Vp Terri Vaughan, the Iowa insur-

ance commissioner, said at the NAIC/Industry Liaison Committee meeting.

Opposition from agents' groups is a roadblock to achieving reciprocity in some large states, such as Florida, insurance industry representatives say.

To highlight that issue, NAIC President Kathleen Sebelius suggests that state agents' associations should be surveyed about their reaction to modernizing producer licensing laws, and the results published.

"Once reciprocity is achieved, we will continue working toward our goal of uniformity," the NAIC's Mr. Kirven said.

Several state legislatures already have adopted the higher standard of uniformity in producer licensing. Last year, Kentucky became the first state to do so.

"With the threat of NARAB gone, we are hopeful that the NAIC will continue in their efforts to achieve uniformity" in all states, said Daniel Barry, director of government affairs for the New York-based Risk & Insurance Management Society Inc. "Should things grind to a halt, though, it is not unreasonable to expect Congress to take another look at compelling uniformity."

Indeed, Congress intended to establish uniform standards for agent licensing in crafting the modernization act, Leigh Ann Pusey, senior vp-federal affairs for the Washington-based American Insurance Assn., said in a recent statement.

Overall, though, NAIC members "have bragging rights for what they have done," said Lenore Marema, vp-legal and regulatory affairs with the Alliance. Regulators, though, still have work to do, such as eliminating unofficial departmental rules, she added.

The NAIC in December 1999 established the NARAB Working Group, which developed revisions to the NAIC Producer Licensing Model Act to help states meet the reciprocity requirements.

A desire to preserve state regulation of producer licensing brought

together regulators, legislatures and industry representatives, who collaborated to make state adoption of the model act a priority, said Sam Sorich, vp with the Des Plaines, Ill.-based National Assn. of Independent Insurers.

In other action at the meeting, regulators:

- Heard NAIC-funded consumer representatives caution regulators that the NAIC's financial modernization agenda contained industry-backed deregulation proposals that may provide inadequate protection to consumers.

"Instead of eagerly embracing industry deregulation proposals, state insurance commissioners should look to California for guidance about how to effectively regulate personal lines of insurance," said J. Robert Hunter, director of insurance for the Washington-based Consumer Federation of America and a former insurance commissioner from Texas.

Proposition 103, which California voters approved in 1988, "led to the creation of a regulatory system that benefited both consumers and insurers alike," according to a 90-page report Mr. Hunter distributed at the NAIC meeting that was supported by about 18 other consumer-oriented groups or individuals. The initiative "created a system with higher profits, lower rate increases and more rapid declines in assigned rate drivers than in any other state," he said.

Several industry trade group representatives disagreed with Mr. Hunter's analysis.

- Proceeded with plans to develop a more uniform system for surplus lines tax payments, especially in light of the Texas Supreme Court decision not to review *Dow vs. Rylander*. In that case, Dow Chemical Co. challenged Texas' independent procurement tax, winning on appeal a refund for the taxes it had paid (*BI*, April 30).

- Planned a Sept. 22 hearing on the North American Free Trade Agreement at its next quarterly meeting in Boston. **BI**

# Receivership panel may disband

By MEG FLETCHER

The three insurance commissioner members of the Interstate Insurance Receivership Commission plan to formally discuss disbanding the panel.

Top insurance regulators from Illinois, Michigan and Nebraska, who comprise the commission created by their state legislatures in the mid-1990s, have so far failed to win other states' commitment to cooperate in the event that a multistate insurer fails and enters receivership.

The commissioners expect to discuss the issue at an as-yet-unscheduled open meeting in conjunction with the next National Assn. of Insurance Commissioners' quarterly meeting, set for Sept. 22-25 in Boston.

"We are not out to destroy the compact; we like the compact. At the same time, you have to be pragmatic when your efforts aren't successful," said Illinois Insurance Director Nathaniel Shapo. "I anticipate a robust discussion."

A commission of three members is just too small to deal effectively with multistate insolvency, should one occur, said Nebraska Insurance Director Tim Wagner. Regulators also

are obliged to be fiscally responsible in disbursing commission funds, which the commission reported totaled \$367,815 as of April 1.

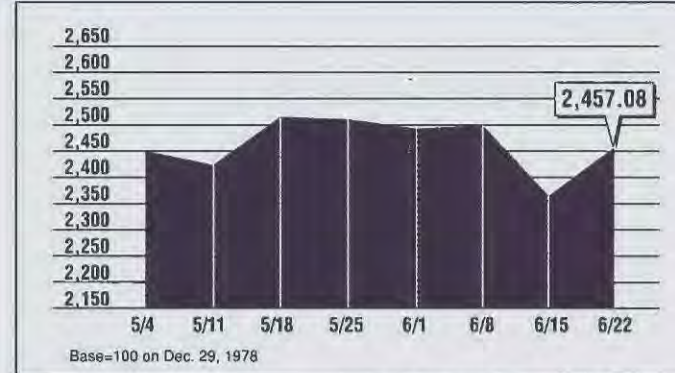
Expected to participate in the discussion are two proponents of this first-ever insurance-related commission, which is based on the concept of a legislatively approved interstate compact.

"I'm stunned and surprised," though "I also understand their position, somewhat," said James W. Schacht, a former Illinois regulator who helped establish the commission.

The receivership commission was established at the urging of the National Conference of Insurance Legislators in the mid-1990s because "there was real frustration among nondomiciliary regulators following the insolvency of Executive Life Insurance Co. and their inability to have meaningful impact," said Mr. Schacht. He is now director of the insurance regulatory practice at PricewaterhouseCoopers L.L.P. in Chicago.

The commission, which once also included California and Wisconsin before they dropped out, serves as a demonstration project to encourage cooperation among states, he said. **BI**

# BI/Stock Index - 6/22/2001



Weekly % change, Year to date % change, High, Low, Vol.(000)

## BROKERS

Company	State	Price	Weekly % change	Year to date % change	High	Low	Vol.(000)
Aon Corp.	NYS	35.21	1.00	2.80	42.31	28.13	4058
Brown & Brown	NYS	40.60	-0.85	16.00	46.10	23.72	120
Clark Barden Holdings	NDQ	20.55	0.29	102.96	24.64	7.25	141
E.V. Blanch Holdings Inc.	NYS	13.50	0.00	-22.58	29.50	6.70	0
Gallagher Arthur J. & Co.	NYS	27.55	-0.68	-13.40	34.25	18.53	901
Hibb, Rogal & Hamilton	NYS	42.05	-1.59	5.45	44.16	33.69	101
Kaye Group Inc.	NDQ	13.90	0.36	79.35	13.95	5.25	4
Marsh & McLennan	NYS	108.19	5.26	-7.53	135.69	80.30	3535
Willis Group Holdings Ltd.	NYS	17.48	6.26	5.30	18.50	16.00	2533
BROKERS AVERAGE			1.12	18.71			

## INSURERS/REINSURERS

Company	State	Price	Weekly % change	Year to date % change	High	Low	Vol.(000)
ACE Ltd.	NYS	37.49	-2.75	-11.66	43.94	26.13	6537
Accel International Corp.	NDQ	0.07	0.00	-76.42	0.69	0.06	0
Acceptance Insurance Cos.	NYS	5.47	-2.15	4.19	6.94	3.70	98
AEGON N.V.	NYS	27.90	2.57	-32.67	43.00	25.92	824
AFLAC Inc.	NYS	32.45	-3.13	-10.10	37.47	22.53	9242
Allmerica Financial Corp.	NYS	54.95	1.20	-24.21	74.25	46.30	669
Alistair Corp.	NYS	43.68	-0.25	0.27	45.90	22.25	10140
Ambac Financial Group	NYS	58.73	5.14	0.72	64.00	33.66	2394
American Financial Group	NYS	28.45	-0.52	7.11	29.00	18.69	334
American General	NYS	46.70	3.20	-14.60	46.75	30.50	12779
American Intl Group	NYS	85.02	3.87	-13.74	103.75	72.64	32861
American Safety Insurance	NYS	9.77	0.21	59.51	10.25	3.25	2
Argonaut Group	NDQ	18.31	-0.16	-12.81	21.25	13.50	113
AXA-UAP Group	NYS	28.39	4.38	-20.93	40.47	24.58	1753
Baldwin & Lyons Inc.	NDQ	21.65	0.56	-6.88	28.75	15.25	67
Berkley W.R. Corp.	NDQ	40.60	-4.81	-13.96	48.75	18.13	384
Berkshire Hathaway Inc.	NYS	67000.00	3.08	-5.63	74600.00	51600.00	1
Capitol Transamerica Corp.	NAS	15.09	0.94	21.33	15.69	10.31	49
Chubb Corp.	NYS	77.55	-1.84	-10.35	90.25	60.44	3478
Cincinnati Financial Corp.	NYS	40.15	-2.78	1.48	42.92	31.00	2313
Citigroup	NYS	53.40	8.32	4.58	59.13	39.00	62614
CNA Financial Corp.	NYS	39.47	-0.08	1.86	41.94	32.06	466
CNA Surety	NYS	13.81	-1.00	-3.09	14.50	10.38	88
EMC Insurance Group Inc.	NDQ	15.05	7.12	28.09	15.20	8.25	84
ESG Re Limited	NDQ	3.55	1.14	92.54	4.13	1.72	43
Everest Reinsurance	NYS	70.74	-0.37	-1.24	74.75	31.69	767
Freront General Corp.	NYS	6.26	-5.44	122.58	6.97	1.50	611
Ganaco Inc.	NYS	1.37	-6.16	-47.81	5.06	1.10	153
Hartford Financial Services	NYS	26.14	0.54	-10.63	30.63	16.13	201
HCC Insurance Holdings	NYS	23.35	-3.71	-13.32	29.66	17.63	1302
ING Group N.V.	NYS	64.82	4.04	-19.10	83.94	55.84	357
IPC Holdings Ltd.	NDQ	22.90	-1.12	9.05	24.50	12.63	178
John Hancock Financial Serv.	NYS	68.58	2.13	-2.90	80.00	51.88	3188
Lincoln National	NYS	39.98	2.83	6.26	42.00	20.63	4811
M&C Holdings Inc.	NYS	51.41	2.86	8.66	56.38	35.63	3316
Market Corp.	NYS	15.45	-1.21	-7.42	18.50	10.50	111
MEIA Insurance Group	NYS	195.60	-1.95	8.07	207.47	133.50	100
Meadowbrook Insur. Group	NYS	55.11	3.45	11.52	55.86	32.13	2335
MetLife	NYS	3.17	-17.23	-60.98	8.38	2.45	46
Mutual Risk Mgmt. Ltd.	NYS	30.55	2.17	-12.71	36.63	18.75	5047
Navigators Group	NDQ	7.89	1.41	-48.05	23.75	3.40	866
NYMagic Inc.	NYS	19.00	-6.17	42.72	20.86	8.75	9
Ohio Casualty Corp.	NDQ	20.15	-4.50	6.75	22.70	13.00	22
Okc Republic Int'l	NYS	12.30	7.14	23.00	12.39	6.13	1170
Partner Re Ltd.	NYS	28.65	0.35	-10.47	32.06	16.50	1703
Penr-America Group Inc.	NYS	54.65	-3.82	-10.41	62.50	34.81	358
PNA Capital Corp.	NDQ	10.10	0.00	32.46	10.60	6.69	4
Prudential Financial	NDQ	17.00	-0.70	-1.45	19.00	15.19	34
PX RE Corp.	NDQ	30.70	-1.70	-0.57	33.00	15.63	516
RenaissanceRe Holdings Ltd.	NYS	18.40	-0.76	9.04	20.10	12.50	58
RLI Corp.	NYS	73.40	1.87	-6.27	84.19	42.50	218
St. Paul Cos.	NYS	42.62	2.58	-4.63	46.16	33.50	30
SCOR	NYS	51.65	-0.39	-4.90	57.00	33.75	5395
SAFECO Corp.	NDQ	43.75	-1.97	-12.94	53.75	39.75	7
SCOPE Holdings Inc.	NYS	28.79	-0.79	-12.43	35.88	19.69	3478
Seibels Bruce Group	NDQ	19.90	-1.73	-15.77	31.40	17.78	NA
Selective Ins. Group	NDQ	1.85	-27.45	228.89	3.25	0.53	24
Tokic Marine & Fire	NDQ	25.56	-0.35	5.40	28.22	15.25	389
Torchmark Corp.	NDQ	47.25	2.27	-17.11	61.00	45.10	100
Transatlantic Holdings	NYS	39.36	2.13	2.40	41.19	24.06	2045
Trenwick Group Ltd.	NYS	123.70	2.44	16.84	125.00	80.38	51
Unico American Corp.	NYS	21.62	-5.30	-12.87	27.13	13.13	478
United Fire & Casualty	NDQ	6.20	3.33	5.53	7.75	5.27	3
Unifir	NDQ	27.13	-8.31	37.37	34.52	15.50	55
UNUM Corp.	NYS	39.00	3.17	-4.00	41.94	27.19	202
Vesta Insurance Co.	NYS	32.65	3.39	21.49	33.75	19.25	3662
XL Capital Ltd.	NYS	9.20	2.34	81.73	9.98	4.13	1788
Zenith National Ins.	NYS	79.40	-1.85	-9.13	89.25	52.38	1572
INSURERS/REINSURERS AVERAGE		26.80	1.32	-8.77	30.70	20.00	120

## MANAGED CARE COMPANIES

Company	State	Price	Weekly % change	Year to date % change	High	Low	Vol.(000)
Aetna Inc.	NYS	25.99	-0.42	-36.71	42.69	23.02	6168
CIGNA Corp.	NYS	94.50	2.44	-28.57	136.75	86.88	2663
Health Net Inc.	NYS	17.60	-0.06	-32.79	26.94	12.31	1787
Humana Inc.	NYS	9.85	-2.96	-35.41	15.81	4.68	2375
Oxford Health Plans	NYS	27.60	2.15	-30.13	42.75	21.44	5429
Pacificare Health Sys.	NDQ	16.68	1.83	11.20	58.69	9.81	4322
Sieya Health Services	NYS	6.46	-6.10	70.00	7.16	2.44	659
United HealthGroup	NYS	61.17	7.05	-0.33	67.40	38.94	8073
Wellpoint Health Networks	NYS	89.65	2.08	-22.21	121.50	70.13	3636
MANAGED CARE COMPANIES AVERAGE			0.67	-11.66			

ALL COMPANIES 0.46 3.88  
 Top advancing issues: Citigroup, Ohio Casualty Corp., EMC Insurance Group. Leading decliners: Seibels Bruce Group, Meadowbrook Insurance Group, United Fire & Casualty. Most active issue: Citigroup. The BI Index increased 3.9%; the Dow Jones 30 Industrials decreased 0.2%; the S&P 500 went up 0.9%, and the NYSE Composite rose 0.6%. Average P/E: Brokers, 23.0; Insurers/reinsurers, 26.1; and managed care companies, 14.9.

Source: CNET Investor (investor.cnet.com) Boulder, Colo.

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