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Updates

General Dynamics benefit cuts prompt union workers to strike

FALLS CHURCH, Va.—Union workers at five General Dynamics plants might compromise in their strike over proposed benefit cutbacks if certain core benefits are included in a national health care law, say union leaders.

About 2,000 workers at five plants in Ohio, Michigan and Pennsylvania walked off the job last Monday after contract talks broke down. The United Auto Workers members went on strike after the company asked the union to accept cuts in the current

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Competition cools health plan hikes

By SARA MARLEY

Benefits market report

It was a long time coming, but many employers finally are finding themselves in a buyer's market when renewing their group health care programs.

While health care plan costs generally are rising, many employers in densely populated parts of the country are anticipating flat premiums—or even decreases—as they renew their coverage in the second half of the year.

In some cases, employers are receiving quotes that include flat rates or premium decreases before negotiations actually begin.

Health maintenance organization premium increases are averaging 2% to 6% at midyear, while employers that contract with preferred provider organizations are facing premium hikes of 8% to 10%. Those with point-of-service plans are seeing 7% to 10% increases.

Even employers with traditional indemnity programs share in the good news this year: Their rates are increasing an average of 9% to 17%, down significantly from previous years.

At midyear renewals in 1993, premium increases ran 4% to 14% for HMOs, 12% to 18% for PPOs, 10% to 16% for POS plans and 18% to 22% for indemnity plans—nearly twice the increases that many insurers, employers and consultants currently are predicting (*BI*, June 21, 1993).

Competition leads the list of explanations for the improving market conditions. That competition is being fueled by the national health care reform debate.

"It's good news for employers," said Denise Fanger, a consultant with KPMG Peat Marwick in Chicago. "Rate increases are remarkably low. Some HMOs are renewing without rate increases at all."

"Rates are virtually staying the same," said Frank Keenan, vp and actuary of SANUS Corp., a subsidiary of New York Life Insurance Co. that operates HMOs in New York, New Jersey, Texas, the

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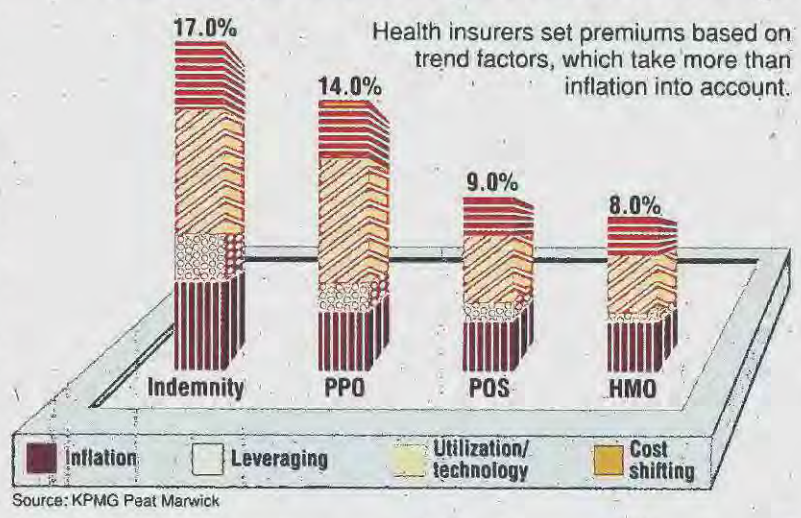
What pushes premiums up

Health insurers set premiums based on trend factors, which take more than inflation into account.



Source: KPMG Peat Marwick

N.Y. court awards work comp benefits for illness tied to second-hand smoke

By CHRISTINE WOOLSEY

ALBANY, N.Y.—Employees who become ill from excessive amounts of second-hand cigarette smoke at work can collect workers compensation benefits, New York's highest court has ruled.

The ruling by the New York Court of Appeals marks the first time that any court has directly addressed the issue of whether workplace exposure to second-hand smoke can create a compensable injury, attorneys say.

Labor groups are heralding the decision, saying it illustrates the broader problem of poor indoor air quality. But attorneys say it is too early to determine whether or how courts will apply the ruling when other workers allege illness or disability from poor air quality.

For now, however, attorneys and risk managers don't expect a surge in smoke-related workers comp claims or lawsuits.

Smoking is now widely restricted in public buildings and offices. And even where it is not prohibited, the New York ruling would not make it easy for injured workers to collect. They would have to prove their exposure to workplace smoke was excessive or unusual and that they suffer from a diagnosable illness caused or aggravated by the workplace exposure alone.

In a unanimous decision June 21, New York's highest court ruled that a city employee should receive workers comp benefits for workplace exposure to second-hand smoke that aggravated her asthma.

Veronica Johannesen, an office assistant for the city of New York, was assigned to work for the city's Department of Housing Preservation and Development in 1981. She worked in a large room with about 50 other employees, at least half of whom smoked cigarettes.

"The room was crammed with desks and file cabinets, so that the employees worked in close proximity to one another. The windows were kept closed because of smoke from the kitchen of a restaurant located below the office. Also, the office ventilation system did not function properly," Judge Joseph Bellacosa wrote.

By 1983, Ms. Johannesen began wheezing and coughing at work.

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Willis Corroon cries foul

RHH rebuts broker's charge that it stole construction team

By SALLY ROBERTS

A nasty spat between two of the world's leading insurance brokerages—Willis Corroon Group P.L.C. and Rollins Hudig Hall Group Inc.—is focusing attention on both the changing nature of the brokerage business and the travails of the British giant on American shores.

At the heart of the conflict is the 1993 defection of about 50 employees, including four top executives, from Willis Corroon's construction industry division to RHH.

In a suit filed June 17 in New York State Supreme Court in Manhattan, Willis Corroon accuses the four—Richard F. Ferrucci, Leonard S. Bullock, Neal McDuffie and Anthony J. Romano—of violating contracts with Willis Corroon and with conspiring to steal clients, employees, trade secrets and other proprietary information.

Willis Corroon shuffles management. Page 61

London-based Willis Corroon, which is seeking $25 million in compensatory and punitive damages, also charges that Chicago-based RHH "aided and abetted" the four executives and "appropriated for their own pecuniary benefit the clients, employees and prospective business advantages belonging to Willis Corroon."

Losing the construction team, the suit alleges, resulted in the loss of more than 175 clients, more than 50 key employees, tens of millions of dollars of current and future revenues and the disruption of its operations.

In fact, Willis Corroon partly attributed weak first-quarter results—pretax profits were off 10%—to the loss of the construction division (*BI*, May 23).

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Public entity risk manager diverted pension funds: SEC

By DOUGLAS McLEOD and RODD ZOLKOS

CHICAGO—The risk and benefits manager of the Chicago Housing Authority funneled at least $12.5 million of CHA pension assets into allegedly non-existent investments, the Securities and Exchange Commission charges.

In a civil complaint filed last week, the SEC charged that John D. Lauer, the CHA's 29-year-old risk and benefits manager, turned over about one-third of the pension plan's assets to two men, one of them a convicted felon, to purchase financial instruments purportedly issued by large European banks.

The "prime bank instruments" didn't actually exist, though, and

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GRAPHIC BY MIKE GARVEY

Updates

Benefit cuts spark strike

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fully paid health plan.

The proposed plan—the same as now covers management and non-union workers—would impose on union workers a 20% copayment up to an annual cap. Above that, insurance would pay 100%. Employees enrolled in HMOs would receive monthly contributions equal to the indemnity plan premium.

General Dynamics self-funds its indemnity benefits under a retrospectively rated premium plan administered by Blue Cross & Blue Shield plans in Michigan, Ohio and Pennsylvania, the spokesman said. The company also contracts with various HMOs in those states.

Fully paid benefits would continue for current retirees and workers who took the company up on an early retirement offer. But future retirees would be subject to the new benefit plan structure.

Union members contend that concessions are unnecessary. Labor and management worked arm-in-arm to protect business from defense cuts, said Maurice Turner, recording secretary for UAW Local 1200 in Warren, Mich. "But now they want to take away our vacation time and make us pay for health care."

Although workers remained on strike through most of last week, "most of the members are saying they'd be willing to compromise if the benefit cuts are tied in with health reform," Mr. Turner said.

Employees rank HMOs high

BOSTON—Employees covered by managed care plans report much higher satisfaction with those plans than employees in traditional fee-for-service plans, a new study reports.

More than 24,000 employees of Xerox Corp., Digital Equipment Corp. and GTE Corp. say they are more satisfied with the care they get from health maintenance organizations than with care from traditional insurance plans.

The three companies asked their employees to evaluate the performance and rate the care provided by 32 HMOs and fee-for-service plans in six regions around the country. Officials from 31 of the 32 plans met with the employers last week to discuss the results and future improvements. The Health Institute at the New England Medical Center in Boston conducted the survey.

Employees rated a variety of factors—including the cost of care, amount of paperwork and customer service—and the majority gave HMOs high marks in those areas.

One weak spot for HMOs was choice of provider, a variable that employees indicated was important. Employees also found some quality problems with both HMOs and fee-for-service plans.

Among other things, the companies will use the survey results to make decisions on retaining individual plans and providers, create employee-based plan report cards, and negotiate rates and discounts.

Love Canal settlement reached

ALBANY, N.Y.—Occidental Chemical Corp. last week agreed to pay an estimated $123 million to settle a 1980 lawsuit brought by New York state over the notorious Love Canal toxic waste site.

Under the settlement, Occidental will pay $98 million in cash to the state and take on the maintenance of the site near Niagara Falls.

State officials estimate future costs will reach $25 million over 30 years. An Occidental reserve of $8 million will accrue enough interest to meet all future costs, said Thomas H. Truitt, a partner at Piper & Marbury in Washington, which represented the company.

New York—which has spent $74 million so far on the cleanup, relocation of residents and legal fees—initially sought $400 million.

The site was polluted in the 1940s and 1950s by Hooker Chemical Corp., which Occidental bought in 1968.

Occidental has brought actions against its insurers to recover the costs of cleaning up the site. Occidental had $320 million in liability insurance between 1963 and 1979 (*BI*, Jan. 21, 1980).

Several suits against Occidental are still pending, including a federal government action seeking remediation costs incurred by the government in cleaning up the site.

In March, a federal judge ruled that Occidental was not liable for punitive damages of $250 million.

U.K. unveils pension reforms

LONDON—Employers will help foot the bill for sweeping pension regulation reforms announced last week by the British secretary of state for social security.

The reforms include for the first time: the appointment of a government regulator and a board of six part-time professionals to oversee pension plans; mandatory solvency requirements for pension plans; and the creation of a guaranty fund to pay plan members when assets are depleted by fraud.

The proposals will prevent future theft of plan assets, like the late Robert Maxwell's alleged siphoning of an estimated 450 million pounds ($693 million) from his companies' pension plans, said Peter Lilley, secretary of state for social security (*BI*, May 9).

The estimated 10 million pound ($15.4 million) annual cost to finance the new regulatory framework will be met by a levy on employer-sponsored pension plans, while the guaranty fund will be subsidized by a levy on employers after an alleged fraud takes place. How the levy will be structured hasn't been determined.

The reforms are not expected to be in force until April 1997.

The National Assn. of Pension Funds, a trade association for pension plan sponsors, welcomed the proposals, though it opposes any levy on employers. "Regulation should be paid for by the state if, as we believe, it is in the national interest for pension funds to be regulated effectively," said NAPF Chairman Ron Amy.

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Efforts to forge compromise on health reform lagging

By JERRY GEISEL

WASHINGTON—Plenty of fireworks were fired in the congressional health care debate last week, but lawmakers are unlikely to reach a compromise before the July 4th recess.

The House Ways and Means Committee continues to slowly forge a health care reform bill based on a proposal by Chairman Sam Gibbons, D-Fla.

Meanwhile, the Senate Finance Committee is expected to publicly begin putting together a bill this week, though substantial bipartisan support appears far away.

On the Finance Committee agenda are both a proposal by Committee Chairman Daniel Patrick Moynihan, D-N.Y., that resembles President Clinton's reform plan and a still-evolving bill being drafted by a group of moderate Democrats and Republicans.

The moderates' proposal would neither impose an employer mandate nor ensure universal coverage. It would set a target for about 95% of Americans to have health insurance by 2002. About 85% of Americans now have coverage.

Missing that target would trigger a requirement that uninsured individuals—not employers—buy a policy that, at a minimum, covers catastrophic health care expenses. The government would subsidize the cost of the coverage based on an individual's income.

Funds for the subsidies would be raised from a variety of sources, including tobacco taxes, a tax on ultra-rich health policies and possibly an assessment on employers that do not offer coverage. The tax on

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Win battle, lose the war

Firm wins pollution coverage dispute, but is still in the red

By JUDY GREENWALD

TACOMA, Wash.—Although Greg Stewart won a coverage dispute between his small oil marketing firm and its pollution liability insurer, it is proving to be a Pyrrhic victory.

Even if the settlement talks that were under way with the insurer last week prove successful, Mr. Stewart will find himself hundreds of thousands of dollars the poorer.

The dispute stems from pollution caused when a rogue employee illegally dumped oil in 1992, which threatened Tacoma's water supply.

After the dumping incident, a deal that had been in the works to buy Mr. Stewart's 18-employee company, Andor Distributing Co., fell through. The company, which was founded in 1899 and later purchased by Mr. Stewart's grandfather, had to be broken up and sold in three parts last year for significantly less than it could have been sold whole.

The money from any settlement with Andor's insurer will go toward cleanup costs or to pay creditors.

All told, Mr. Stewart, who has helped pay to clean up the pollution, figures the incident has cost him about $1.3 million.

Andor's insurer, Federated Service Insurance Co., last week offered to pay the company $650,000. In April, a Washington state judge had ruled that Andor's pollution insurance policy covered the damage from the dumping. If no settlement is reached, a jury trial is set to begin July 5.

"I think it was a very unfortunate incident and the person that is sitting in

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Wisconsin court rules cleanup order not 'damages'

Polluters to seek rehearing

By DAVE LENCKUS

MADISON, Wis.—A small Wisconsin community and a landfill owner will ask the state Supreme Court to reconsider its ruling that comprehensive general liability policies do not cover the cost to fight or comply with a state pollution cleanup order.

In a 4-3 decision, the court ruled June 16 that neither the cleanup order nor a request by the U.S. Environmental Protection Agency for information about the waste site constitute a lawsuit that CGL insurers are obligated to defend.

While the agency's and the EPA's actions were confrontational, they did not impose liability "by themselves," the court ruled. Indeed, the actions represent a process to avoid litigation, the court ruled.

The court also reiterated its finding in a 1992 case that cleanup costs are not covered by CGL policies because those costs do not constitute compensation for past wrongs but rather reflect efforts to prevent future contamination.

Case law in the majority of states in which courts have ruled on the two issues generally favor policyholders.

In the Wisconsin case, the City of Edgerton in southern Wisconsin leased a landfill site from Edgerton Sand & Gravel Inc. from 1968 to 1984 to dump non-hazardous municipal waste. Sludge from the city's water treatment plant also was dumped at the site.

The site was closed in 1984 and capped in 1985 after the state environmental agency detected vola-

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BI to list firms offering dependent care services

Business Insurance will publish its first directory of firms that provide dependent care resource and referral services in the July 25 issue.

Accompanying the directory will be a Spotlight report on trends in work and family benefits.

To be included in the directory, companies must fill out and return a questionnaire provided by *BI*. The directory is published as an editorial service; there is no charge to be included.

If your company provides dependent care resource and referral services to corporate and institutional clients in at least three states and you have not received a questionnaire, please call Associate Directory Editor Kerry Dziubek at 312-280-3195.

The extended deadline for returning completed questionnaires to *Business Insurance* is July 15.

Inside

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Mental Health Care Market

Illustration by Richard Schneider/Image Bank

Employers unsure of liability exposure from bias allegations by mentally disabled

By CHRISTINE WOOLSEY

Nearly two years after the Americans with Disabilities Act took effect, many employers remain in the dark on how to reasonably accommodate mentally disabled individuals.

Uncertainty is heightening concern among benefit and human resource managers, who worry they may unwittingly discriminate by failing to properly accommodate a mentally disabled employee.

Some apprehension may be valid. Employees increasingly are seeking recourse under the ADA. Discrimination charges now swamp the Equal Employment Opportunity Commission, the agency that governs employment practices.

As of April 30, the EEOC had received 26,302 charges of disability discrimination under the ADA. Mental disabilities are the third most common impairment cited, following back injuries and neurological impairments. Emotional or psychiatric disabilities account for 11% of all the charges and substance abuse for another 4%.

And, while dismissal is the most common violation cited, failure to reasonably accommodate disabled employees was responsible for 24% of the ADA charges.

The dearth of ADA case law means employers have little to go on in trying to separate frivolous charges from legitimate ones.

"The problem with the ADA is there are no safe harbors," commented Richard Samp, chief counsel with the Washington Legal Foundation, a pro-business group. "We can only hope over the next five years some case law is established so employers can know the kinds of claims that will be taken seriously. Until then, there is unavoidable uncertainty."

Some unscrupulous employees may latch onto the ADA as a way to fraudulently collect disability payments or get special treatment on the job, like flexible work hours or a job transfer.

However, attorneys and benefit experts say employers should not fear a flurry of ADA lawsuits, nor should they believe they will have to create new jobs for those mentally disabled people who aren't able to handle existing positions.

Most employers have been appropriately accommodating employees with mental disabilities for years, albeit informally, experts say. Much of what constitutes a "reasonable accommodation" is based on sound management practices and can often be worked out between employee and employer without conflict.

Still, because of the amount of fear and ignorance surrounding mental illness in general, employers should re-examine their workplace policies and train supervisors and others who directly interact with employees with mental disabilities.

In addition, employers should

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EAP counselors not secretive about need for confidentiality

Counseling program success requires employee trust

By JUDY GREENWALD

"My lips are sealed."

That's the message employee assistance program counselors give to employees who use the programs. And, except under certain very specific circumstances, the promise is kept, say EAP counselors and other experts in the field.

Confidentiality, in fact, is a major preoccupation of employers with EAPs as well as of their EAP counselors and vendors. Employers are keenly aware that the very success of these programs rests on employees' assurance that their meetings with counselors will remain confidential.

Most companies recognize that not only do the benefits of their EAP programs far outweigh any short-term advantages to be gained by prying into employee records, but it would violate state and federal privacy laws to do so.

Confidentiality is "the cornerstone of the program. I don't think there's any question about that," said Gene Gaeta, EAP director at AT&T Corp. in Basking Ridge, N.J.

It is "extremely important" that a level of confidentiality be "absolutely maintained," he said. "I think without it, you would have a paper program rather than an active program where you have people using it."

"These folks pay good money for EAP services and some spend millions," said Rick Kinyon, director of EAPs for Aetna Life & Casualty Co. in Hartford, Conn. "They're simply not going to be irresponsible about the privacy of the record. It would be as simple as throwing away money."

Most companies "are very concerned that confidentiality is maintained," agreed Dr. Jack Mahoney, a principal with Hewitt Associates in Rowayton, Conn. "They don't want any perception they can get access to that information because, frankly, they don't want to know. That's private information."

"I have found that bank senior officials have gone out of their way to make sure there isn't even a hint of what might be crossing those boundaries into confidentiality," said Dan Conti, vp and EAP director at First Chicago Corp.

"They bend over backwards to make sure there isn't even an appearance of doing so. I've never been placed under pressure to give up reports. And I don't feel I would ever go to work somewhere where I would be put under that pressure," Mr. Conti said.

EAP experts say any breaches of confidentiality are rare, despite some recent media reports that have suggested otherwise.

Under the law and their professional ethical guidelines, the only instances in which EAP counselors are obligated to reveal the content of therapy sessions are:

- When the employee is a physical danger to himself or herself,

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Use it or lose it.

Underutilization is a common problem for employee assistance programs, but there are several steps employers can take to boost usage. Page 10

False memories. Real problems.

Employers can minimize their exposure to backlash from false-memory syndrome by ensuring that mental health plan beneficiaries are referred to appropriate providers. Page 14

The most common mental illness.

The high cost of employee depression is becoming a workplace health issue that EAPs can help address. Page 16

By the numbers.

Although some experts say assessing mental health treatment is too subjective for outcomes measurement, others say it can lower costs and improve quality. Page 20

ADA claims

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be sure to create specific avenues through which mentally disabled workers can seek treatment and request reasonable job accommodations. And, employers should document the accommodations because courts often look for "good faith efforts" by employers to determine whether an employee was treated fairly.

"Employers need to work on understanding that mental disabilities aren't dangerous. That is the big myth," said Margaret Edwards, an attorney and chairwoman of the labor and employment practice group at Landels, Ripley & Diamond in San Francisco. "They need to understand when people are depressed they aren't necessarily going to come in the office and blow away their co-workers.

"A lot of those ghastly incidents do correlate with mental illness, but when you consider the prevalence of mental illness, the correlation isn't that high," said Ms. Edwards.

According to some estimates, 52 million Americans experience significant mental disorders each year.

"There is a certain fear factor about the mentally ill," agreed Michael Lotito, an employment law attorney with Jackson, Lewis, Schnitzler & Krupman in San Francisco. "Employers worry, 'If I don't accommodate this person, am I at risk? Am I in danger?' Plus, employers don't want to reveal a mentally ill employee's condition to co-workers because of privacy concerns."

Advocates for the mentally ill hope the ADA will help educate employers about mental illness and encourage mentally disabled employees to come forward without fear of discrimination.

The ADA became law for all employers with 25 or more workers July 26, 1992, and on July 26, 1994, it will apply to employers with 15 or more workers. The law prohibits discrimination on the basis of disability in virtually all aspects of employment.

'There is a certain fear factor about the mentally ill,' says attorney Michael Lotito.

Under the ADA, employers that hire disabled workers are required to extend certain job accommodations to qualified individuals, unless they can prove such accommodations are not necessary to perform the essential functions of a job or are an "undue hardship" to the company.

The law says it is discriminatory for employers to fail to make reasonable accommodations to persons with known physical or mental limitations who are otherwise qualified to do a job.

What makes psychiatric disabilities so menacing to employers are their silent nature. Problems go unnoticed or are misinterpreted as poor performance.

"Because mental disabilities are invisible and there is a lack of understanding or embarrassment about them, they aren't likely to be identified," said Dennis Lindsey, president of Cognitive Ergonomic Systems Inc., a behavioral consulting firm in Anaheim, Calif.

"In most cases, an employee with a physical disability will come forward," Mr. Lotito said. "But an employee with a mental disability may be less likely to come forward." They may fear that disclosure of their illness will jeopardize their job, or be too unbalanced to recognize that they have a problem, he noted.

What is more vexing to employers is the ADA's negligible guidance on what constitutes a mental disability.

The EEOC regulations define a "mental impairment" as "any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness and specific learning disabilities." Certain characteristics—like left-handedness and obesity—and conditions—like sexual behavior disorders and kleptomania and pyromania—are excluded.

"The EEOC has promised to give additional guidance in the future, but trying to clearly define mental disability is becoming a problem under the ADA," Mr. Lotito said.

Even the mental health profession has trouble getting specific in some cases, because diagnosing and treating mental illness isn't always a clear science, Mr. Lindsey pointed out.

The Diagnostic & Statistical Manual III and IV Revised, which mental health professionals use to help diagnose mental illnesses, "is replete with vagaries," said Mr. Lindsey, who is a clinical psychologist. "How do you decide what is a reasonable accommodation for someone with obsessive/compulsive disorder?"

Among the most difficult impairments to diagnose are stress disorders and Adult Attention Disorder. Workers often claim the stress level of their jobs precludes them from performing or, with AAD, say they are unable to concentrate on their work.

"Adult Attention Disorder is becoming quite popular in California," Landels Ripley's Ms. Edwards said. "A lot of employees are stating that they are unable to perform work because of it. But, I've been told by some mental health professionals that the AAD category in the (revised Diagnostic & Statistical Manual) is a bit of a garbage can."

Health care lawyers say there are some signs that employers can look for to help them distinguish a real mental disability from a questionable one.

"If an individual is stressed because they can't work for a particular boss, to me that's not going to qualify an individual within the definition of 'disabled,' " Mr. Lotito said.

"Part of what people will look to in making determinations is whether an individual is under a doctor's care and whether the doctor is prescribing drugs. Those persons will likely be legitimately disabled," he said.

People with temporary mental difficulties probably cannot seek relief under the ADA, said Dennis Coleman, a partner with benefit consultant Kwasha Lipton in Fort Lee, N.J.

"The EEOC made it clear that short-term problems don't equal disabilities, just like someone with a broken leg isn't permanently disabled under the ADA, someone with a periodic bout of depression isn't disabled. Sometimes it's normal behavior. If you

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make sure it's competitive. And make sure it complies.

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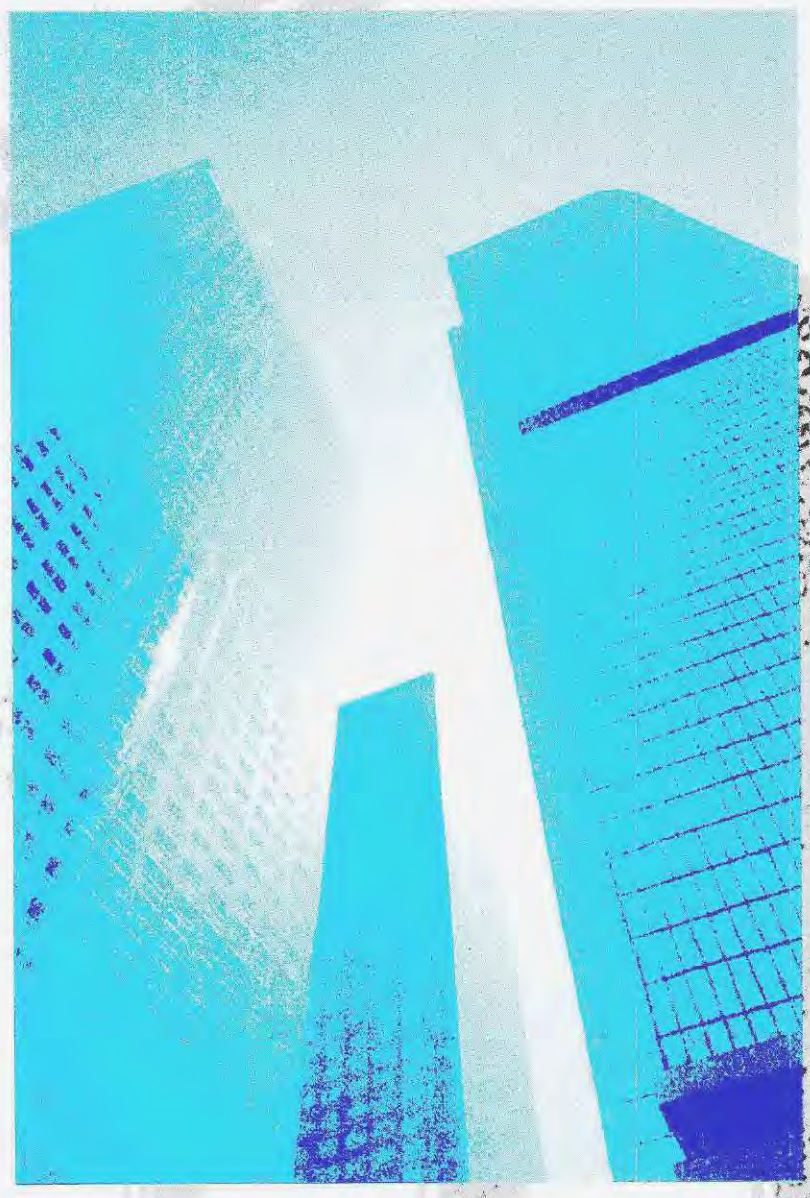

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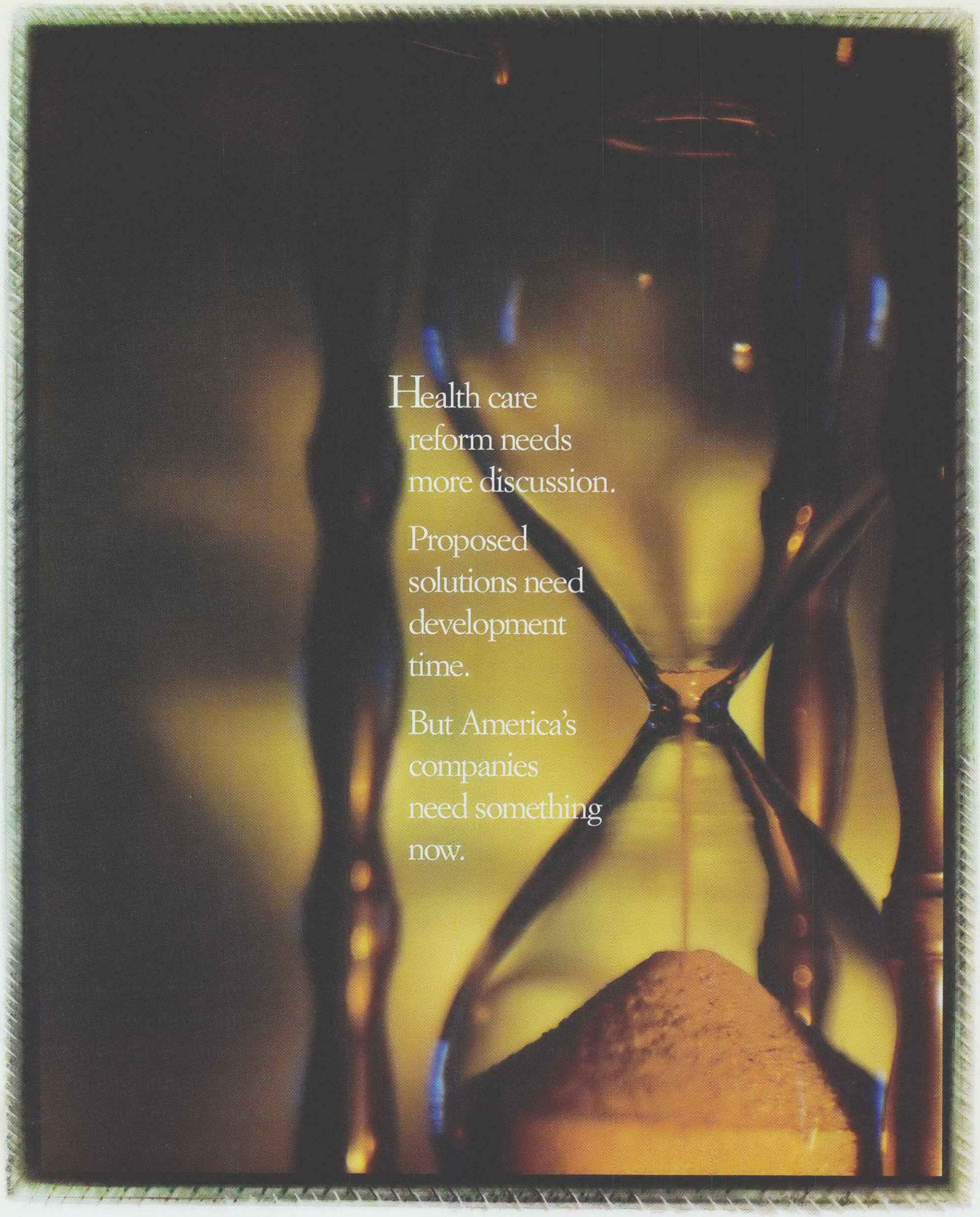

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ADA claims

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don't become depressed when you lose a loved one or go through a divorce or something, there's probably something wrong with you," he said.

Once someone is identified as having a legitimate mental disability, employers are required to offer reasonable accommodations that will enable them to perform their jobs.

Common sense and good management practice are often the key. "The whole area of reasonable accommodation seems to involve a dialogue between the employer and the employee," Ms. Edwards said. "There isn't a nice little checklist."

Determining the scope of the impairment should be a first step. Employers should keep in mind that some symptoms are the result of medications an employee is using.

According to Laura Mancuso, a mental health professional in Goleta, Calif., who authored a book of case studies on reasonable accommodations, functional impairments commonly reported by mentally disabled individuals include difficulty in:

- Maintaining concentration over time.
- Screening out external stimuli.
- Maintaining stamina throughout the workday.
- Managing time and pressure deadlines.
- Initiating interpersonal contact.
- Focusing on multiple tasks simultaneously.
- Responding to negative feedback.

The EEOC does offer a formal process of determining reasonable accommodations in its employment regulations. It says employers should conduct a job analysis to determine the purpose and essential functions of the job and consult with the worker regarding any limitations his or her disability might pose. Together, both employer and employee are to identify effective accommodations.

However, Ms. Mancuso found the process is difficult to follow in cases of mental impairment because workers rarely discuss their psychiatric disabilities directly with employers. Explicit accommodations rarely occur and many times these employees learn to compensate or cope with their psychiatric disabilities on the job, she found.

Nevertheless, accommodations are taking place in U.S. workplaces.

For example, General Motors Corp.'s Warren, Mich., plant employs about 3,000 workers, some of whom have psychiatric impairments. "We have successfully placed people who are under treatment for schizophrenia in certain assembly jobs," said Dr. Wallace Gasiewicz, plant medical director.

"Their doctors seem to recommend that they work alone. They enjoy concrete, very defined tasks and we try to keep them away from disturbances or things that would de-focus them." The workers are not intentionally removed from the plant's main operations but are put in departments with jobs that require little contact with others, such as machining and stamping departments.

The GM plant also employs a number of manic-depressive individuals, Dr. Gasiewicz said. "As long as they are on their medications, they do quite well on the assembly line. There is no reason to make special accommodations for them as long as they are on their medication."

Pacific Telesis Group in San Francisco has been accommodating people with mental disabilities long before the ADA, said Jean Taylor, a health services director. "The most general ways have been through flex time to accommodate therapy appointments" and in some cases job modifications.

Ms. Taylor recalled a telephone line installer who suffered from a temporary mental impairment that required medication, which would have made it unsafe for him to climb telephone poles. To keep the employee in his current job, the company reassigned the employee to a neighborhood where installations did not require him to climb poles.

"We approach psychiatric disabilities in the same way as physical disabilities. One shouldn't make up a job for these individuals but place them in a job they can do. You might have to modify the non-essential parts of a job, if necessary," Dr. Gasiewicz said.

"In industry it's easier, though, because essential job functions are easier to determine. In an office, a lot of jobs involve interpersonal skills and it's more difficult to determine essential job functions."

"There are ways to recognize employee preferences without going overboard," Ms. Taylor said. For example, a Pacific Telesis office worker who is agoraphobic, or fears open spaces, once requested that a cubicle be built around her desk in the middle of a huge open office.

"Usually there are other ways to accommodate that. Some people like to be near a wall, or a supervisor or an exit," according to Ms. Taylor. BI

10 most common ADA claims

Based on 26,302 claims to EEOC between July 26,1992, and April 30, 1994.

	% of total
Back injuries	20%
Neurological	13
Emotion/psychiatric	11
Extremities	6
Heart	5
Substance abuse	4
Diabetes	4
Hearing impairment	3
Vision impairment	3
Cancer	3

Source: Equal Employment Opportunity Commission.

GRAPHIC BY JERRY PARKS

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Confidential

Continued from page 3

such as making threats of suicide.

• When the employee makes threats to harm others.

• When there is evidence of child or elder abuse.

An EAP counselor is bound to keep quiet even if an employee admits to stealing from the company, EAP professionals say.

EAP records can also be revealed when a workers compensation claim or lawsuit has been filed, but only after a subpoena has been served and the employee has been given the opportunity to fight that subpoena in court.

Experts say employees' confidentiality is guarded regardless of whether the EAP is managed in-house or run by an outside vendor. This concern also extends to wellness programs, experts say.

Most companies zealously guard confidentiality.

For example, the St. Louis Post-Dispatch's internal EAP over the years has been charged with breaching confidentiality two times, but an investigation revealed that "the client had told a friend, who told a friend who told a friend," said Jim Fortner, the newspaper's EAP representative.

"They've been very, very good about that," he said of company officials' respect for the confidentiality of the EAP. "I have never felt my job was in danger or anything else like that because I didn't reveal information."

"When we sell an EAP, probably the most dominant question from the customer is: 'How can we be sure your program will be confidential?' " said Jerry Ivers, vp-sales and marketing for Personal Performance Consultants Inc. in San Francisco.

"They are not interested in the ways they can get information. They want to be absolutely certain the information will remain confidential and that the vendor has systems in place and a track record of holding that information in confidence," said Mr. Ivers.

"We've got plan sponsors now who are very sophisticated, and they understand if the program is not confidential, there's not much point in paying for it because it won't get used."

Confidentiality is also critical for the EAP counselors who run the program, say observers.

"Confidentiality is drilled into us," said David C. Finney, program manager for Atlanta-based Burke-Taylor Associates, a subsidiary of Avon, Conn.-based Value Health Inc.

"Among EAP professionals, we have to stick very close to the confidentiality guidelines for ethical sake, for legal sake as well as protection of the programs," said Mr. Finney.

Mike Palmertree, vp of organizational services for Larkspur, Calif.-based EAP vendor Occupational Health Services Inc., said: "All contacts between an employee and an EAP counselor are accorded the full privileges of a doctor-patient confidentiality. . .because your seeing an EAP counselor doesn't give your employer any more right to those files than your employer does to the files of your private physician."

In a way, the EAP records are even more confidential. A company's policy might dictate that records be destroyed after one to three years, while in a private medical practice they could be kept indefinitely, said Aetna's Mr. Kinyon.

Observers say it makes no difference to confidentiality if the EAP counselor works for an internal program rather than a outside vendor.

"Never have I found myself with any divided loyalties. If I'm doing my job to its best, I know I am advancing the goals of First Chicago," said the bank's Mr. Conti.

EAPs maintain strict policies as to what information they can release without the employee's permission. "We have written confidentiality guidelines which guide us in the use of information, and we adhere closely to those guidelines," said Don Levitt, EAP manager at Owens-Corning Fiberglas Corp. in Toledo, Ohio, noting these guidelines apply to physical harm involving the client or others.

Even in cases where the employee has been referred to the EAP by a supervisor, said Mr. Levitt, the supervisor would only be given the following information: notice if the employee is going to take a disability leave, when the employee is likely to return from that leave and guidelines on any workplace accommodations that may be appropriate.

"But, clearly, no clinical information is going to the supervisor," Mr. Levitt said.

"Just being able to report back to a supervisor that someone is using an EAP requires a release from the patient," said Hewitt's Dr. Mahoney.

"Usually it's the employee who gives you permission in writing to turn over that record, and that's because they filed a stress claim and believe EAP information is one more piece of evidence they were experiencing stress and it was work-related," said Personal Performance's Mr. Ivers.

Confidentiality guidelines are explained to the employees. "Any responsible EAP publicizes their confidentiality policy and, when someone contacts us, the first thing we tell them is what the confidentiality policy involves," said Kenneth Collins, EAP manager for Chevron Corp. in San Francisco.

"We have a written form that we give people or, if they call us, we explain by phone so that they understand," Mr. Collins said.

"What you want to do is on a regular basis plan to articulate the rule of confidentiality, either in a newsletter, article, perhaps home mailing or through training," Mr. Ivers said.

But a "serious perceived breach of confidence or a real breach" that has compromised the program requires a more aggressive approach, he said. Mr. Ivers suggests a specific article in an in-house publication or a letter to employees saying directly that it has come to the company's attention that there has been such a breach.

Confidentiality is also maintained in wellness programs, observers say. "I've never seen it to be a major issue on wellness programs," said Richard Sinni, national director of Buck Consultants' health management practice. "You're never supposed to get clinical information on somebody."

"Virtually all the work we do is confidential," said Bill Whitmer, president and CEO of Birmingham, Ala.-based Wellness South Inc., which provides wellness programs and consulting services to companies.

In only a handful of cases is the information not confidential, "but the employee is aware of that and, in fact, they will sign a statement acknowledging that," he said.

Even when the wellness program is internally run, "my experience has been there's still a good, firm control," Mr. Whitmer said. "The reaction I hear more often than any is the employer just doesn't want to know this stuff and would prefer not to know it." BI

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Opinions

'Theory' triggers trouble

GUNS DON'T KILL people, people kill people.

The nation's gun lobby has used that slogan for years to underscore its opposition to efforts to restrict the sale of firearms. It can be a difficult point to argue when most gun owners use their weapons for legitimate purposes like hunting, target shooting or protection.

But the fact that a significant percentage of crimes in this country are committed with guns makes an equally strong argument for limiting access to some of the more lethal arms now readily available. In particular, we would like to see limits on access to semi-automatic assault weapons, which are increasingly used in illegal drug trafficking and violent crime.

However, as much as we would like to see these weapons off the streets, we cannot endorse fledgling legal theories being tried in court that would hold assault weapon makers and distributors strictly liable for injuries and deaths caused by the misuse of these firearms.

As reported last week, victims of crimes committed with assault weapons are now taking the gun manufacturers to court, seeking to hold them strictly liable for marketing "unreasonably dangerous products." One of the proponents of this theory, Rutgers University Law Professor Carl T. Bogus, explains that holding the gun manufacturers liable would be a logical development in light of court decisions that have held the manufacturers of the Dalkon Shield intrauterine device or the anti-miscarriage drug DES liable for the deaths and injuries caused by those two products.

However, the Dalkon Shield and DES caused injuries when women used the products in the manner clearly intended by the manufacturer. Assault weapon makers can argue, as much as we may want to disagree, that their products are not used as they intended when the guns are used to injure or kill human beings.

A California case that argues this new theory of product liability stems from a slaying in which a gunman armed with two assault weapons entered a San Francisco law firm and sprayed bullets at workers for 15 minutes, killing eight and wounding six

people before shooting himself. Were he not equipped with such deadly weapons, the argument goes, fewer people might have been harmed. By holding the assault gun makers liable for the harm caused by their products, the victims hope to drive these weapons off the market.

However, prohibiting the sale of these guns is a job for legislators, not judges and juries.

While litigation along these lines may ultimately spur legislators to act, it ultimately could backfire and set unwanted precedent. Once this avenue is successfully used to drive assault weapons off the market, what stops it from being used to drive other products to extinction? Hunting rifles? Carving knives? Cigarettes? Artery-clogging ice cream?

Tort reform advocates often point out that liberal court rulings have led many manufacturers to halt research and development on products that could benefit society—like new forms of pharmaceuticals—because of the fear of runaway court verdicts.

In other words, using the courts to achieve a worthy gun control goal could end up hitting unintended targets.

Letters

Medicare exaggerates its hospital payments

To the editor: The notices sent to Medicare beneficiaries concerning amounts paid to hospitals frequently overstate the amount Medicare actually paid.

For example, Medicare tells the beneficiary/citizen that it has paid $1,644 on a $2,056 hospital bill, while at the same time the hospital is sent a notice that Medicare is paying $370 on the same bill. Such blatant deception furthers public misconception of Medicare as a government program of financial genius. In reality, forcing hospitals to accept such low payment has forced private-sector hospital prices up 50% to 60%.

Congress and the media should force Medicare to tell the truth on how little it actually pays hospitals. Any health care reform built on the illusion that Medicare is a financially sound government program will cause greater chaos to our health care system down the road.

Ron Jones
President
Mutual Medical Plans Inc.
Peoria, Ill.

Exclusion comments may give wrong impression

To the editor: I am writing to correct a potential misimpression that one may have upon reading your interesting and otherwise informative article on electromagnetic radiation and insurance coverage issues in the April 11 issue.

The juxtaposition of the commentary of Peter J. Kalis of Kirkpatrick & Lockhart and your description of the *Nelson vs. WCC Industries Inc.* case, while both in and of themselves accurate, may lead one to wrongly conclude that the case was a decision that interpreted a pollution exclusion in the context of an electromagnetic radiation claim.

While the exclusion at issue in the case did make reference to "electric" or "magnetic" irritants or contaminants, as well as "microwaves (and) all ionizing and non-ionizing radiation," the only exposure at issue in that case concerned toxic chemicals alleged as a result of two deceased workers' use of an industrial epoxy. Thus, the Massachusetts trial court's unreported decision declining to uphold the pollution exclusion wording had nothing at all to do with EMF or similar exposures.

I believe all Mr. Kalis was attempting to indicate was that *Nelson* reveals the existence of pollution exclusion wording that addresses specifically the EMF problem. While not necessarily agreeing with the remainder of Mr. Kalis' commentary in the article, neither the Massachusetts case nor any other judicial decision to the best of my knowledge had interpreted a pollution exclusion similar to the wording of the Reliance Insurance Co. policy at issue in *Nelson* in the context of an EMF claim.

Joseph P. Monteleone
Senior Vp and Claims Counsel
Reliance National Insurance Co.
New York

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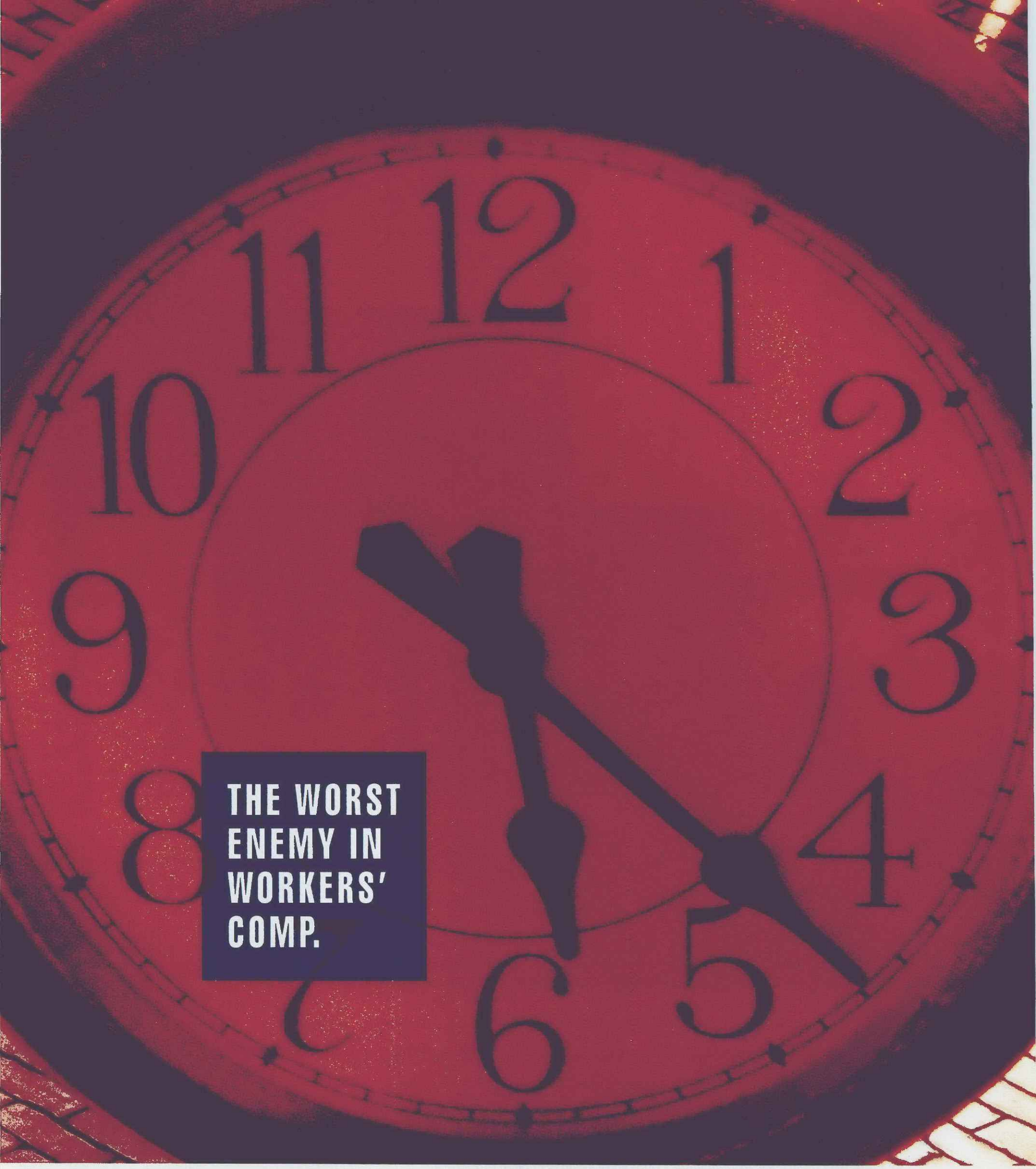

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Employers troubled by underuse of EAPs

By JUDY GREENWALD

Communicating with employees can solve the problem

While there is little question employee assistance programs can do a world of good for troubled employees, they obviously don't do much good if workers don't use them.

Underutilization is an issue facing many EAPs. But, there are steps employers can take to encourage use of the programs.

"I think that underutilization is probably the norm," says Phil Curran, a consultant with A. Foster Higgins & Co. in Atlanta. "Most of the studies that we see about mental illness and substance abuse suggest that probably one out of five people in the workforce needs some sort of assistance. Yet, we regard an 8% utilization in an EAP as successful."

"I definitely think there is a problem with underutilization," said Richard Sinni, national director of Buck Consultants' health management practice. "Most of the clients I've worked with see utilizations around 4%, 6%, 7%, which is really quite low."

Specialists cite two major reasons for underutilization.

The first is a simple lack of awareness among employees of EAPs and a lack of appreciation of what they can do.

The second critical issue is confidentiality. For EAPs to be at all successful, employees must feel confident that whatever they tell their EAP counselors will go no further (see story, page 3).

Experts note a number of other factors must also be considered in evaluating utilization.

"One of them simply can be the structure of a company," said Deborah Lewis, a consultant with Fort Lee, N.J.-based Kwasha Lipton. "A company that has employees all over the U.S. could be highly dispersed," including some sites with few employees, which could lower overall company EAP utilization rates, she said.

There could also be something inherent in the EAP that keeps people from using it, said Dr. Jack Mahoney, a principal with Hewitt Associates in Rowayton, Conn.

For example, it could be that it has inconvenient hours. Or, if the EAP is onsite, "people may want to be able to access it without being seen by co-workers or readily identified as using the EAP. Some have put it offsite so that it eliminates that particular, if you will, stigma," Dr. Mahoney said.

Employers concerned about underutilization also should examine the types of problems that are appearing before the EAP, he said. "Ideally, you would expect to see a wide spectrum of conditions," including psychological and chemical dependency problems.

If the caseload is heavily weighted in one direction or another, though, "it gives you a clue communication is wrong or the EAP is not effective."

Survey employees and find out what the problem with the EAP is, said Jerry Ivers, vp-sales and marketing for EAP vendor Personal Performance Consultants Inc. in San Francisco. An EAP customer should get regular reports on at least a quarterly basis and, if utilization is weak, then a survey can be effective in determining the cause, he said.

Employees should be asked just five or six questions about the EAP, such as: Have you used it for a personal problem? Was the EAP useful? If it was not, why not? Would you use the EAP again? Then, ask for recommendations on improving the program, he said.

A survey sent to 1,000 employees is likely to get a 10%-20% return rate "and that, I think, will be a fairly representative survey response and that will tell you how the program is perceived," Mr. Ivers said.

He recommended that companies also survey "key constituencies," including the human resources department and direct line supervisors to ask them about their knowledge and perception of the program.

Then, "you're going to want to review your promotion campaign and make sure that not only was it a broad campaign, but that it addressed the needs of that specific employee culture."

For instance, a company with a diverse workforce must have a campaign directed at that workforce. "Maybe you need posters that show people that are not all white, or maybe you need posters that are in Spanish as well as English," Mr. Ivers suggested.

More often than not, experts say, underutilization stems from the employer's promotion of the EAP. One frequent mistake, they say, is to promote an EAP heavily when it is first introduced but then stop communicating it.

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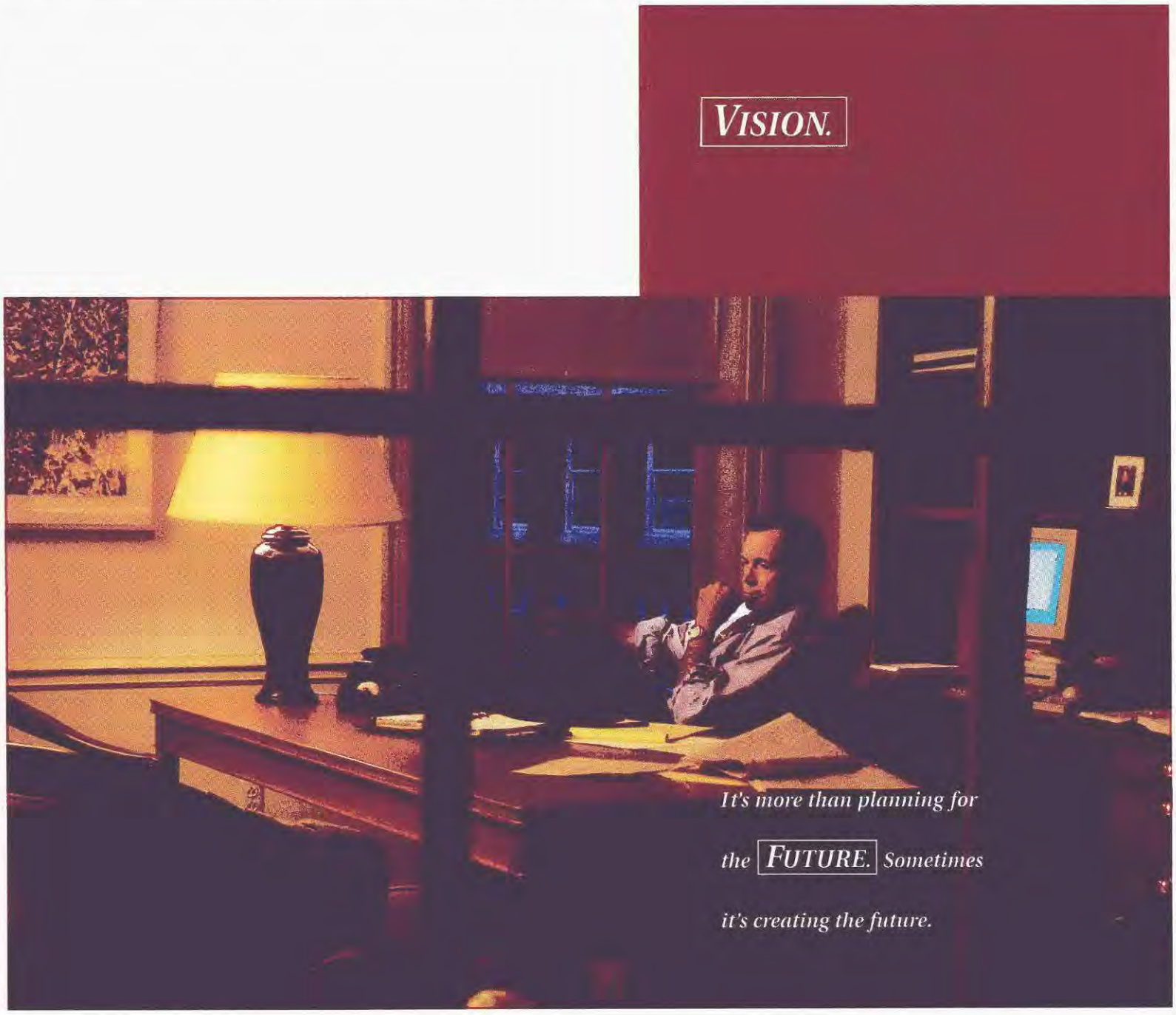

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EAPs

Continued from page 10

"One problem many companies have is while they initially promote through lots of training and communications, they view it as an initial project rather than an ongoing project they need to commit to," said Kwasha Lipton's Ms. Lewis. There should be a commitment to continuing communication, she said.

There must be "some sort of routine feedback to the individual," agreed Dr. Mahoney. Most people will skip over EAP information "until they really need it, and then it's, 'Where can I find that phone number?' " Communication "needs to be something that's constant and apparent to the individual."

Posters, in-house newsletters and electronic bulletin boards are among the approaches companies use to encourage EAP participation.

"In our promotional material, we try to make it colorful and upbeat," said Lawrence Gelb, senior vp-sales and marketing for EAP vendor Occupational Health Services Inc., based in Larkspur, Calif.

Typical promotional materials will depict "a middle-aged woman with sleeping pills strewn across the table and a bottle of whiskey spilled over, that says 'Call the EAP,' " Mr. Gelb said. "Nobody identifies with that type of image, and that's going to narrow the focus and narrow the appeal of the EAP benefit."

Personal promotion also can help. At AT&T Corp., about 20%-25% of EAP staff time is devoted to visiting business units "and seeking opportunities to tell our story," said Gene Gaeta, AT&T's EAP director in Basking Ridge, N.J.

It is also important that EAPs communicate to family members that the programs' services are available to them, said Rick Kinyon, director of EAPs for Aetna Life & Casualty Co. in Hartford, Conn.

"Quite often, the family members are the ones who are the 'health care initiator' for the employees, so they need to know their services are available to them even without the employee present in the counseling session," said Mr. Kinyon.

It can also be valuable to introduce the EAP through non-threatening programs like sessions on stress management, child care, elder care and financial issues, possibly in the form of "brown bag" lunches, experts recommend. Those could be opportunities for someone with problems like alcoholism or mental illness to seek out the instructor afterwards, said Ms. Lewis.

High visibility also helps, said Kenneth Collins, EAP manager for San Francisco-based Chevron Corp. With Chevron in the process of "downsizing," the EAP has conducted about 300 sessions with employees, "trying to help them cope with change. And that kind of visibility, doing stress management programs, being on the scene when there is a critical incident, increases utilization," Mr. Collins said.

Also critical to an EAP's success is supervisors' awareness and training, experts say. Supervisors are "often called the linchpin in the program because they are the ones who know their employees and can recognize when problems are affecting their performance," said David C. Finney, program manager for EAP vendor Burke-Taylor Associates in Atlanta, a subsidiary of Avon, Conn.-based Value Health Inc.

"A lot of supervisors don't know how to use it," said Robin Weiner, managing consultant with Foster Higgins in Los Angeles. It "becomes a very delicate situation," she said. "As a supervisor, you can say to an employee, 'Your performance at work is suffering, you need to improve it,' then give them ways to improve it," like using an EAP.

"But you can't say, 'It's obvious you have a lot of stress or personal problems. Call the EAP,' " because "that then becomes an invasion of their privacy in many ways."

The appropriate behavior "usually involves focusing on performance problems rather than trying to play therapist," agreed Ms. Lewis.

However, "it's very, very difficult in today's business environment" to find the time to train supervisors, said Mary Bernstein, manager of employee assistance programs for Stamford, Conn.-based GTE Corp. GTE's solution is to piggyback this training onto training in other areas, she said.

Companies should also be aware of word of mouth. "If the EAP does effective work and provides assistance as it's supposed to, then word of mouth will contribute a great deal to people using the program at an earlier time" before problems become irreversible, said Cathy Young, manager for the employee assistance and managed behavioral health care program at Union Carbide Corp. in Danbury, Conn. BI

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'False memory' risk surfaces

Providing mental health benefits could lead to lawsuits

By MICHAEL SCHACHNER

In the month of May alone, hundreds of stories appeared in newspapers across the country about the proliferation of a psychotherapeutic phenomenon known as false-memory syndrome.

This issue is alarming for employers because much of the therapy that can provoke false memories of childhood sexual abuse, participation in satanic rituals and other damaging experiences originates from treatment that is covered by employer-sponsored mental health care plans.

But, employers can minimize any liability they might face from false-memory syndrome cases by ensuring that plan members are referred to appropriate providers.

Most of the recent attention stems from a California court case in which a former Napa Valley winery executive won a $500,000 verdict against his daughter's therapists for implanting false memories of incest.

This case, known in mental health circles as the Ramona Case, is the first in which a parent has successfully sued a therapist for allegedly generating a false memory in their child.

But the False Memory Syndrome Foundation, a Philadelphia-based group of therapists and parents dedicated to exposing recovered-memory therapy as dangerous and misleading, says hundreds of lawsuits are pending nationwide that challenge "repressed memories" allegedly recovered during therapy. Parents and clergy are being sued for child abuse that may never have happened, the group contends.

In the case of Gary Ramona, a former vp at Robert Mondavi Inc., his daughter, Holly, sought counseling under her father's health care plan for bulimia, an eating disorder.

According to reports on the trial, after multiple counseling sessions at the Western Medical Center in Anaheim, Calif., therapists suggested that repressed memories of childhood sexual abuse were the cause of her problems. The therapists later used sodium amytal, a speech-invoking drug, to extract Holly's memory of abuse.

Mr. Ramona vehemently denied the allegations and sued the therapists and their clinic for $8 million. Although he won his case, his family and life fractured. His wife filed for divorce, and he lost his job at the winety. Furthermore, he still faces a lawsuit filed by his daughter, who is sticking to her accusation of abuse.

It's cases like the Ramona Case that underscore the importance of employers, employee assistance programs and managed mental health care firms doing everything in their power to ensure that employees and their dependents are treated only by high-quality, competent therapists, experts say, adding that therapists should not regularly engage in unfounded recovered-memory therapy, including methods like hypnosis, dream therapy and drug inducement.

Not only does this type of repressed-memory recovery therapy run the risk of creating false-memory syndrome, but it also often results in lengthy and therefore costly outpatient therapy and possibly hospitalization, therapists and EAP directors say.

Although Holly Ramona was not referred to the Western Medical Clinic by a Mondavi employee assistance program—thus insulating her father's employer from liability—managed care officials and therapists say it is possible that an employer could be drawn into a third-party lawsuit if an EAP referral leads to a case of false-memory syndrome.

"While I wouldn't label recovered memory therapy either credible or a sham, the majority of cases I have studied were highly questionable," said Michael D. Yapko, a clinical psychologist in San Diego and author of a recent book, "Suggestions of Abuse: True and False Memories of Childhood Sexual Trauma."

"We find some therapists inferring child abuse without evidence. They then present misinformation to the patient with a voice of authority in order to convince the patient this was possible. This is very important because belief generally precedes memory," Mr. Yapko said.

What often follows is numerous sessions of dream therapy, hypnosis, journal writing and guided imagery to "retrieve and develop the memory," he said. "Once someone is immersed in the belief they were abused, especially if the belief results from the therapist's suggestion, it leads to more counseling to recover even more memories."

Neither Mr. Yapko nor other behavioral health care experts dismiss recovered-memory therapy entirely. Clinically, they say, it is possible for victims of some sort of childhood trauma to repress some or all of those memories.

However, employers must guard against paying for esoteric therapies that are aimed at invoking false memories.

"The trouble we see is therapists suggesting and even insisting that certain symptoms are the result of abuse. There are cases when the patient says, 'I simply don't recall any abuse,' and the therapist's response is, 'Don't worry, we'll get there,'" said Scott Ries, director of utilization review with University Psychiatric Services Inc., a group behavioral health care practice in Cincinnati.

"From an employer's perspective, what you want to avoid are therapists that create problems. Someone with a sleep or eating disorder isn't automatically a sexual abuse victim in need of hypnosis," he said.

To date, very few employers have actually witnessed false-memory syndrome cases among their employees or their employees' dependents.

Thus, the potential implanting of false memories in patients by behavioral health care providers is only one of many concerns they

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Memory

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have about provider quality and appropriateness of care.

But it does illustrate the importance of contracting with networks that provide reputable therapists or of limiting benefits in cases where there are no restrictions on which therapists plan beneficiaries can see, several employers said.

"This is definitely something to look at because if it does happen, it can take an employer for a ride. First, it causes extended outpatient treatment, and then it can lead to hospitalization. It underscores how vital the selection of network providers is," said Jeff Christie, director of the employee assistance program with Brown & Root Inc. & Associated Companies, an engineering and construction firm based in Houston.

"You have to exert due diligence in evaluating providers. Either you have to do a lot of interviewing, or you must entrust provider selection to a source you trust. After that, it's constant reevaluation and the willingness to decertify psychotherapists," he said.

In contracting for mental health services through the preferred provider organization of Northwestern University's Institute of Psychiatry, First Chicago Corp. is confident that it has forged ties to a solid network that is unlikely to include therapists who would force a memory of childhood sexual abuse on a patient who otherwise shows no overt signs of having been abused.

"False-memory syndrome is only one of several concerns we have. We feel we have one of the pre-eminent networks in our area," said Bob Bonin, manager of benefits administration with the self-insured financial services company.

He said First Chicago achieves an additional level of gatekeeping by providing richer benefits to employees who are referred to a therapist by the company's EAP.

"It's all about steering people to an appropriate provider and then maintaining oversight. Usually after an initial visit, the therapist gives us an idea of what may be wrong and how many sessions will be required for treatment," he said.

Being familiar with mental health providers is a key to ensuring that employees are treated properly, added Gary Metcalf, manager of employee assistance and health promotion programs at Ashland Oil Inc. in Ashland, Ky.

"From all I've read, this (FMS) problem results from fringe therapists. If the referral comes through the EAP, then the doctor in known. But if the employee chooses, you're basically relegated to catching a misdiagnosis on the back side," he said.

Some of the signs that an employee may be headed down the wrong therapeutic path is if therapy extends beyond the standard six or eight sessions or if the employee's general state of mind seems to change at work, Mr. Metcalf said.

But what if an employee's relative is being counseled, as was the case with Mr. Ramona?

"If the referrals come through the EAP and you have a managed network, it's possible to monitor the progress," said Mr. Metcalf.

"It all lies with common sense. We need to be asking therapists what they would do in a certain case and we need them to back up their methods with evidence their therapy works," said Pamela Freyd, executive director of the False Memory Syndrome Foundation.

"Memory recovery may be possible, but shouldn't we know for sure before we pay for this? If, as an employer, you're paying for therapy for someone with an eating disorder and the diagnosis is that it was caused by being subjected to satanic rituals during childhood, you have major problems," she said. BI

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Depression can take a costly toll on business

Education helps solve the problem

By RODD ZOLKOS

Treatment success rates for clinical depression are among the highest for any illness, yet a failure to connect depressed workers with that treatment costs American businesses nearly $44 billion annually, according to one study.

Through employee assistance programs, many companies are pushing to increase depression awareness and treatment. Backing those efforts is a joint project by the National Institute of Mental Health and the Washington Business Group on Health.

EAPs play a dual role in fighting depression: They are attempting to make workers sensitive to the signs of depression in themselves and trying to help managers and co-workers recognize depression symptoms in employees and colleagues. Some companies have begun to enhance their mental health benefits as well, to further encourage treatment.

Employee depression cuts down productivity and increases lost workdays, said Isabel Davidoff, director of NIMH's Depression Awareness, Recognition and Treatment (D/ART) campaign.

Indirect costs, meanwhile, stem from workers' inability to concentrate, poor decision-making and their illness' impact on workplace morale. Consider:

- Worker depression costs U.S. employers $43.7 billion annually, according to a 1993 study by researchers at the Analysis Group Inc. and the Massachusetts Institute of Technology.
- Depression accounted for 11% of all days lost from work and half the total time lost due to mental health problems, a year-long study at Pacific Bell showed.

Depression, said Daniel Conti, vp and employee assistance director for First Chicago Corp., is "the common cold of mental illness."

"Here we have an illness that in essence saps a worker's ability to work hard," he said. Mr. Conti believes the message of lost productivity is only beginning to get out."It's studies like that that are

Continued on next page

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making CEOs stand up and realize that this is a real workplace health issue."

Depressed individuals "are hard to live with and they're hard to work with when they're in an episode," Ms. Davidoff said.

About 10% of all workers experience depression annually, but most don't seek treatment, she said. Of those who received treatment, though, 80% show improvement, usually rapidly, she said.

To help companies better identify depressed workers and steer them toward treatment, NIMH started the D/ART campaign in 1986 as a public and professional education program. It was the first U.S. public health promotion program aimed at a specific mental disorder.

In 1989, the NIMH enlisted the Washington Business Group on Health as part of the D/ART National Worksite Program, with the WBGH providing the expertise and contacts needed to spread the message of quality and cost-effective management of depression to the corporate world.

Through the worksite program, the WBGH—a non-profit health policy organization representing about 200 large employers—is focusing on increasing the recognition of depression, encouraging treatment for it, and fostering workplace support for those suffering from depression so they can stay on the job.

The group also looks at how individual companies' benefit plans are designed, "looking at the financial incentives and disincentives that are built into a company's mental health plan," said Kelly Traw, a manager with the WBGH.

Often the mental health component of a company's health benefit may be more restrictive than the broader medical plan, she said. What's more, health plans will contain other disincentives to treatment, such as mental health plans providing an 80% reimbursement for inpatient care but only 50% for outpatient treatment.

The group has been promoting an integrated human resources approach to depression, tying together employee assistance, medical plan and other employee benefits with occupational safety and other employer programs. "There are a whole host of functions within a company that can impact how depression is addressed," Ms. Traw said.

A D/ART Worksite Program paper calls for dealing with workplace depression through the expanded use of EAPs, manager education, employee education and an integrated medical program "so the outpatient nurses are in sync with the EAP counselors—that sort of thing," NIMH's Ms. Davidoff said. "It was just absolutely amazing to me to learn that in many companies this isn't the case."

Bruce Davidson, corporate manager of employee assistance programs at Digital Equipment Corp. in Maynard, Mass., is a member of D/ART's Worksite Program's Corporate Leadership Council.

About 45,000 Digital employees in the United States and Canada are covered by EAPs. Mr. Davidson believes identifying individuals suffering from depression and recommending treatment clearly fits within the scope of an EAP.

Digital uses newsletters and electronic communication to distribute information on depression, primarily to encourage depressed workers to seek treatment.

Digital also focuses on increasing awareness of depression among managers, particularly those "who may be witnessing a decline in a person's productivity that may be occurring in a very subtle way," Mr. Davidson said.

Lota Mitchell, employee assistance counselor at Westinghouse Electric Corp.'s headquarters in Pittsburgh, said her company's EAP takes several different approaches to making employees aware of depression and the treatment resources available.

Westinghouse uses weekly employee newsletters that include items describing the symptoms of depression and their treatment, and brochures distributed through employee information racks.

"In a sense, it is a self-identification sort of thing," Ms. Mitchell said. Managers have not received formal training.

First Chicago has addressed depression in the context of the management of mental health benefits, responding with a comprehensive program, said Mr. Conti, the bank's EAP director.

Officials had realized that depression was "the primary driver of mental health costs in the workplace," he said. The keys to the program they crafted in response are identification and early intervention and a rational benefit policy, he said.

The first aspect—identification and early intervention—relies on a strong employee assistance program and training managers to spot and manage a depressed employee and, if necessary, intervene.

Mr. Conti noted that the tradition of EAPs in this country is based in the identification and treatment of chemical dependency in the workplace. "Now what we've found in our analysis is that the costs of substance abuse pale in comparison to the costs of depression."

The second aspect—a rational benefit policy—has seen the bank consistently increasing mental health care benefits over the past several years.

Starting this year, First Chicago's employee medical plan encourages early identification and treatment of depression by offering an outpatient psychiatric therapy benefit that includes no deductible, reimburses 85% of costs for the first 12 visits and 50% of costs for any subsequent "necessary" visits, up to a $1 million lifetime maximum benefit.

Employees must pass through the EAP for a referral to the provider network with which the company has negotiated rates.

"Obviously, it's too early to evaluate this latest benefit plan change," Mr. Conti said. He noted, though, that First Chicago's medical plan has been very successful in holding mental health costs down as a portion of total medical plan costs.

Even as the bank has steadily enhanced mental health benefits since 1984, mental health costs as a portion of its total medical costs have declined and now stand at less than 9% of total costs. Over five years, First Chicago has cut inpatient spending for mental health care by 59%.

While employers addressing workplace depression say it's difficult to quantify all the economic benefits of confronting the problem, companies are increasingly recognizing that the economic impact of doing nothing is very real.

"It isn't saving money to not treat people with depression," NIMH's Ms. Davidoff said. BI

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Measuring outcomes in mental health care

Strategy can cut costs, but some fear it is too subjective

By DEBORAH SHALOWITZ COWANS

Although relatively few employers are now applying outcomes measurement systems to mental health care and substance abuse claims, the process can help rein in costs and improve the quality of care that employees receive, according to some experts.

However, other mental health care professionals note that many mental health assessments are inherently subjective, making them difficult to measure.

An outcomes measurement system for mental health and substance abuse claims typically would review, among other things:

- The treatment plan for a specific diagnosis, which would be compared with treatment standards developed for that diagnosis.
- Patient input on a variety of behavioral indicators, like eating and sleeping habits.
- Patient input on a variety of psychological indicators, such as whether the patient is depressed or suicidal.
- A psychiatric hospital's readmission rates.
- How long treatment takes.
- Whether the patient returns for more treatment at a later date.

Tracking these indicators can help improve the quality of mental health and substance abuse treatments and lower costs.

For example, treatment lengths have decreased and "response to treatment has improved dramatically" since Sterling Winthrop Inc. began using a mental health and substance abuse outcomes measurement system, said Robert Duff, corporate director of compensation and benefits for the New York-based pharmaceutical company.

Sterling Winthrop on Jan. 1, 1993, began using an outcomes measurement system offered by its employee assistance program provider, Integra Inc. of Radnor, Pa.

"Our main objective was to help our people get the right type of treatment at the right time," Mr. Duff said. "It seems to have worked."

Under the company's program, an EAP counselor meets with a patient and then either counsels the person or refers him or her to a managed mental health network for treatment.

Integra then tracks the patient's progress, comparing the treatment plan and result with data on 5,000 mental health cases, Mr. Duff explained. If treatment is not progressing similar to the norm, the case is investigated to see if the provider has the proper background for the particular case or if the patient has a problem with the provider.

Although Mr. Duff emphasized that the company embarked on the program to improve the quality of mental health care that employees and dependents received, Sterling Winthrop has saved quite a bit of money in the process.

Mental health care costs dropped to $236 per employee in 1993 from $447 per employee in 1992 for the company's 4,200 U.S.-based workers, an Integra spokesman said. Furthermore, EAP usage grew during 1993 to 12% of eligible participants from 8% a year earlier, he said.

"If you get the right treatment for people at the right time, it'll be much more cost-effective," Mr. Duff concluded.

However, many employers do not use outcomes measurement systems for mental health and substance abuse claims because the systems are expensive. In addition, controlling medical costs, which eat up a much greater portion of health care dollars than mental health claims, is a higher priority.

Outcomes measurement systems for mental health claims are "not a high priority" for members of the Memphis Business Group on Health, said W.C. McDaniel, behavioral health care manager. The group's 57 Memphis-area members are more interested in measuring medical outcomes because medical expenses account for a much larger portion of benefit costs, he explained.

"It's expensive, it's time-consuming, it's a hassle," agreed Tom Trabin, director of outcomes, guidelines and information systems initiatives for the Institute for Behavioral Healthcare, a Minneapolis-based think tank.

Nonetheless, many large employers and business health care coalitions "are growing in their sophistication, so they are requiring that the (managed mental health care) organizations that they contract with have these systems in place," Mr. Trabin said.

People with mental health or substance abuse problems who are not adequately treated are much more likely to misuse medical treatments than those who receive proper mental health care, pointed out Dr. Michael Freeman, president of IBH. "The question is: Is it expensive to do this or expensive not to do it?"

Robin Weiner, a managing consultant in the Los Angeles office of A. Foster Higgins & Co. Inc., said outcomes measurement could be used to address the problem of people who are in therapy for years and never get any better.

Although the subjective nature of mental health care treatment can make the measurement of mental health outcomes more difficult, it does not invalidate the usefulness of these systems, several experts agreed.

"Patient input is looked at somewhat askance on the medical side but on the mental health side it's patient input that got (the patient) into therapy in the first place," Ms. Weiner pointed out.

"The subjective is always going to be somewhat inherent in the data," admitted Ray Rosenbloom, director of outcomes research for Value Behavioral Health Inc. in Falls Church, Va. "But the real question is how the data is going to get used. You need to make sure you're comparing comparable

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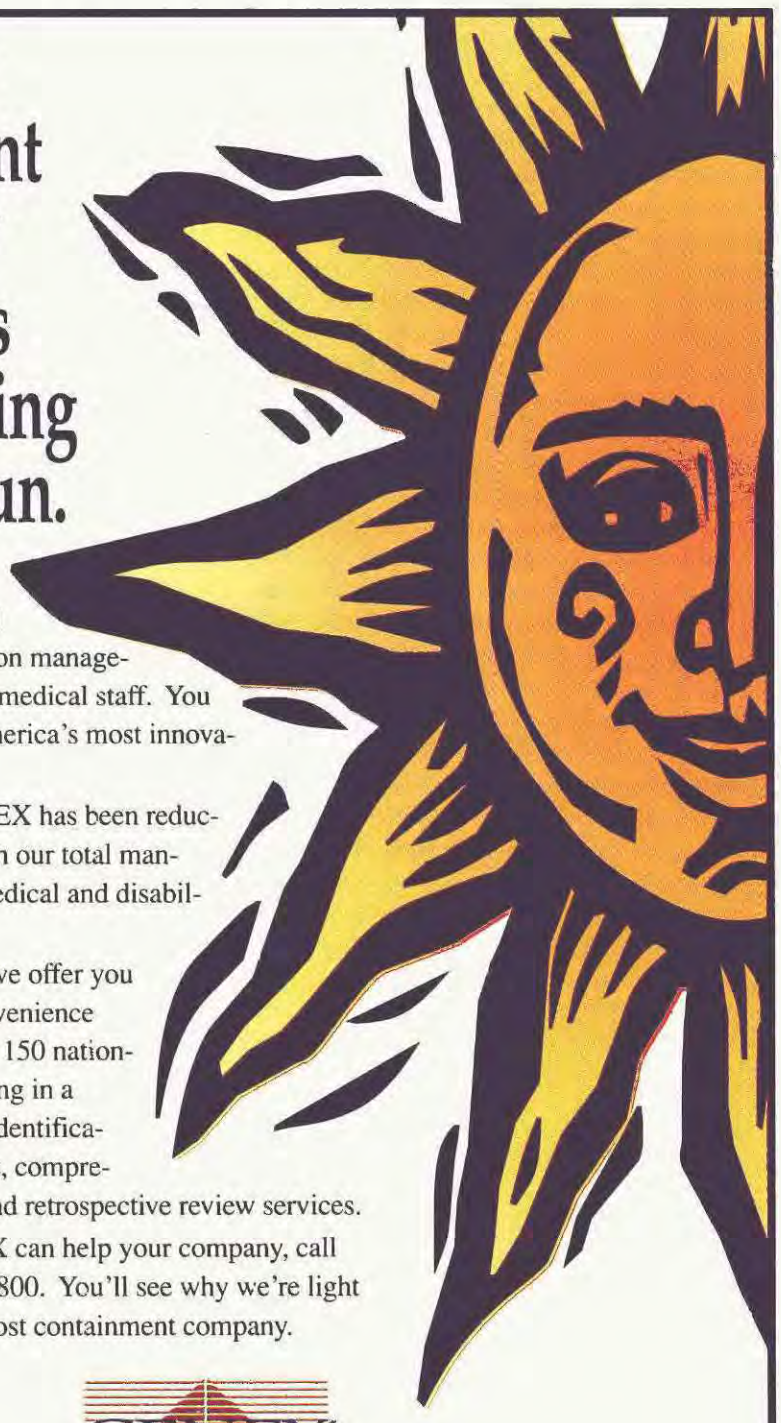

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populations."

Furthermore, "there's a long tradition in psychology of measurement."

VBH, a cost containment firm that covers 14 million people, is ng on a project with one cli- measures readmission ental health patients, said. This project foray into the omes measure- alth conditions eatments of easurable out- reeman.

"It's actually quite common and straightforward to measure improvement" in areas like depression, panic disorder, general anxiety and schizophrenia, Dr. Freeman said.

But, Michael LaRosa, project manager for indicator development for the Joint Commission on Accreditation of Healthcare Organizations in Oak Brook, Ill., disagreed.

The JCAHO, which accredits health care providers, in the fall of 1993 conducted field tests on a variety of performance measures. Improvement in patients with depressive disorders was difficult to measure, according to Mr. LaRosa.

"The problem there is standardizing a tool by which you can assess improvement."

For example, if there are nine symptoms of a depressive disorder, how many symptoms need to have improved to say that the patient has improved? Mr. LaRosa asked.

"It's hard to quantify what improvement is" with regard to depressive disorders.

As a result, a task force conducting the field tests recommended that the JCAHO remove that indicator from its project, Mr. LaRosa said.

MCC Behavioral Care Inc., the Eden Prairie, Minn.-based subsidiary of CIGNA Corp., plans to begin field testing of a depression outcome evaluation system this year, according to Zachary Meyer, director of clinical quality improvement.

Most mental health conditions 'have definite treatments of choice,' says Dr. Michael Freeman. 'It's actually quite common and straightforward to measure improvement' in areas like depression, panic disorder and schizophrenia.

Last August, the managed mental health care firm, which covers 5.5 million people, instituted a substance abuse outcome evaluation system nationwide, Mr. Meyer said.

The system requires clinicians to perform a standardized baseline assessment of all patients, including information like employment history, substance abuse history, prior substance abuse treatments, legal problems and psychological health.

Under the program, MCC staff interview patients on the telephone and review the same information six and 12 months after treatment is completed.

MCC then analyzes the data to determine the impact of the treatment on the patient's outcome, Mr. Meyer explained.

Other information—like the structure of the patient's benefit plan, scheduling and provider characteristics—also are integrated into the analysis.

As a result, MCC can determine if certain treatments are more effective than other treatments or if certain providers are more effective than others, according to Mr. Meyer.

Under this system, "outcome evaluation is not an add-on task," he said. "It's the way we do business." BI

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Directory of employee assistance program vendors

A

Advantage E.A.P.

1654 Monroe Ave., Rochester, N.Y. 14618; 716-244-4020; fax: 716-244-6644

Staff

Salaried employees....6
Includes: 3 psychologists, 1 social worker, 1 marriage/family/child counselor, 1 alcohol counselor
Designations held: 1 CEAP, 1 MSW, 1 CAC, 1 RN, 3 Ph.D.s

Facilities

Total....1

EAP clients

Total....75
Lives covered at year-end 1993....42,000
Employees....14,000
Dependents....28,000

Services began: 1971.
Parent: Psychological Services P.C.
For profit.
Assessments & treatments: Stress, occupational problems, family/marital problems, suicide, alcohol abuse, drug/chemical abuse, adolescent treatment, critical incident stress debriefing, disability and social security testing.
Health promotion: Standard services, excluding nutrition/weight control.
Educational/general services: Employee education, supervisor training, workplace problem identification, psychiatric disability review, psychiatric workers comp review, pre-retirement services.
Utilization review: Concurrent review, case management.
Counseling sites: All worksites, EAP facilities, phone counseling.
Specialties: Managed care providers, attorneys, manufacturing, education, banking, police and fire departments, airlines, senior and government agencies.
Service area: New York: Genesee, Livingston, Monroe, Ontario, Orleans and Wayne counties.
Reporting: On request.
Billing: Fee for service.
Officers: Michael A. Baer, president; Matthew A. Kawiak, clinical director.
Contact: Matthew A. Kawiak.

Affiliated Healthcare Systems

30 Summer St., Bangor, Maine 04401; 207-942-0472; fax: 207-941-0873

Staff

Salaried employees....8
Includes: 4 social workers, 4 professional/mental health counselors
Designations held: 4 CEAPs, 4 MSWs
Contracted professionals....50
Includes: 2 psychologists, 30 social workers, 6 marriage/family/child counselors, 12 professional/mental health counselors
Designations held: 10 CEAPs, 30 MSWs, 8 CACs, 2 Ph.D.s

EAP clients

Total....52
Lives covered at year-end 1993....180,000
Employees....60,000
Dependents....120,000

1993 revenues

Total....$717,000
EAP services....90%
Managed mental health care services....10%

Services began: 1981.
For profit.
Assessments & treatments: Standard services, including physical abuse, elder care services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness.
Educational/general services: Standard services.
Utilization review: Standard services, excluding concurrent review.
Counseling sites: Selected worksites, EAP facilities.
Specialties: Companies with multiple locations.
Service area: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Vermont, Virginia.
Reporting: Annually.
Billing: Flat fee, capitated fee.
Contact: Miles Theeman, executive vp.

Alternatives

3100 Broadway, Suite 204, Kansas City, Mo. 64111-2463; 816-753-8282; fax: 816-531-5709

Staff

Salaried employees....3
Includes: 1 psychologist, 1 professional/mental health counselor
Designations held: 1 CEAP
Contracted professionals....14
Includes: 5 psychologists, 8 social workers, 1 professional/mental health counselor
Designations held: 5 MSWs, 3 Ph.D.s

EAP Clients

Total....23
Lives covered at year-end 1993....NA
Employees....9,267

Services began: 1982.
For profit.
Assessments & treatments: Standard services, including critical incidents, fitness for duty, learning problems.
Health promotion: Standard services, excluding AIDS awareness and elder care.
Educational/general services: Standard services, including critical incident stress debriefing.
Utilization review: Case management.
Counseling sites: EAP facilities, phone counseling.
Specialties: Emergency services.
Service area: 10 counties in the Kansas City metropolitan area.
Reporting: Quarterly.
Billing: Capitated fee, fee for service.
Officers: Mike Schaeffer, manager-support services; Hank Griffin, corporate counsel.
Contact: Al Des Marteau, clinical director.

Kersey H. Antia Ph.D.

17730B S. Oak Park Ave., Tinley Center Plaza, Tinley Park, Ill. 60477; 708-460-6060; fax: 708-460-6060

Staff

Salaried employees....3
Designations held: 2 Ph.D.s
Contracted professionals....3
Includes: 1 psychologist, 1 social worker, 1 marriage/family/child counselor

Facilities

Total....4

EAP Clients

Total....1

1993 revenues

Total....$150,000
EAP services....10%
Managed mental health care services....90%

Services began: 1980.
For profit.
Assessments & treatments: Standard services, including post-traumatic stress disorder.
Health promotion: Standard services excluding nutrition/weight control and AIDS awareness.
Educational/general services: Workplace problem identification, psychiatric disability review, psychiatric workers comp review, disability evaluation.
Utilization review: Case management.
Counseling sites: All worksites, EAP facilities, physicians' offices, phone counseling.
Service area: Illinois: Cook, Grundy, Kankakee and Will counties.
Reporting: On request.
Billing: Fee for service.
Contact: Kersey H. Antia.

Archbold Employee Assistance Pro

414 Park Ave., Th
Ga. 31792; 912-

Staff

Salaried employees....
Includes: 2 professional/
Designations held: 1 CE

Facilities

Total....1

EAP clients

Total....23
Lives covered at year-end 1993....9,400
Employees....4,700
Dependents....4,700

Continued on next page

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Continued from previous page

1993 revenues

EAP services 100%

Services began: 1988.
Parent: Archbold Hospital.
Not for profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise, self-esteem programs.
Educational/general services: Standard services, including team-building.
Utilization review: Standard services.
Counseling sites: All worksites, EAP facilities, phone counseling.
Service area: Georgia: Colquitt, Decatur, Grady, Lowndes, Quitman, Thomas and Tift counties.
Reporting: Quarterly.
Billing: Flat fee.
Officers: Paul Peavy, director; Sherrie Hurtado, counselor.

Managed mental health care providers directory begins on page 38.

Archeaus Foundation

3 First National Plaza, Suite 1400,
Chicago, Ill. 60602; 312-461-1907;
fax: 312-467-3828

Staff

Salaried employees 14
Includes: 4 social workers, 4 professional/mental health counselors
Designations held: 9 CEAPs, 3 MSWs, 5 CACs, 1 MD, 1 Ph.D.
Contracted professionals 6
Includes: 2 psychiatrists, 4 psychologists

EAP clients

Total 32
Lives covered at year-end 1993 350,000
Employees 100,000
Dependents 250,000

Services began: 1968.
Not for profit.
Assessments & treatments: Standard services, including critical incident counseling.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness.
Educational/general services: Employee education, supervisor training, drug-free workplace regulatory adherence.
Counseling sites: Selected worksites, EAP facilities, phone counseling.
Service area: Nationwide.
Reporting: Quarterly.
Billing: Capitated fee, fee for service.
Officers: Sterling Minturn, CEO; Larry Finder, Paul Hewett, directors.
Contact: Larry Finder.

B

BEMW Inc. Counseling & Training for the Workplace

7984 D Old Georgetown Road,
Bethesda, Md. 20814; 301-657-8922;
fax: 301-657-8924

Staff

Salaried employees 3
Includes: 1 social worker, 2 professional/mental health counselors
Designations held: 2 CEAPs
Contracted professionals 3
Includes: 3 social workers

EAP Clients

Total 6
Lives covered at year-end 1993 25,600
Employees 13,000
Dependents 12,600

1993 revenues

Total $300,000
EAP services 66%

Services began: 1977.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services.
Counseling sites: All worksites, EAP facilities, phone counseling.
Specialties: Associations, property management organizations, governmental agencies.
Service area: District of Columbia, Maryland, Virginia.
Reporting: Quarterly, on request.
Billing: Flat fee, capitated fee, fee for service.
Officers: Irene N. Mendelson, president.

Continued on next page

ion Benefit Cost Down To Size

A guide to using directories of vendors

The fourth annual *Business Insurance* directory of employee assistance programs and managed mental health care providers lists organizations that provide these services directly to employers on a stand-alone basis.

Business Insurance defines an employee assistance program as counseling and training to assist employees in the identification and resolution of personal problems and may include referrals to specialists for treatment.

Managed mental health care networks provide integrated mental health care services, including assessments and treatments. Services may be provided through both network and contracted facilities/providers.

The EAP and managed mental health care provider listings appear in separate sections. All organizations listed in the managed mental health care section offer EAP services, unless noted.

Listings begin with company name and address. Information on **staff** (given in full-time equivalents for year-end 1993) appears in two sections—salaried employees and contracted professionals. Each section includes the total number of members providing EAP/managed mental health care services and a breakdown of clinical staff/providers by profession. Designations and memberships held by the clinical staff/providers are also listed here.

Number of **participating facilities** includes hospitals, treatment centers and halfway houses. **Clients** includes the total number of employer clients served and lives covered at year-end 1993. When reported, **1993 gross revenues** are included. The **year services began, parent company** (if any) and whether the organization is for profit are also listed.

Services available are listed under three categories: assessment and treatment; health promotion; and educational/general services. Unless noted, **standard assessments and treatments** include stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns and adolescent treatment. **Standard health promotion services** include smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug/chemical awareness, AIDS awareness and elder care. **Standard educational/general services** include employee education, supervisor training, drug-free workplace regulatory adherence and workplace problem identification.

Utilization review services are noted next. Unless noted, standard services include inpatient and outpatient precertification, concurrent review and case management.

Sites of counseling and treatment are listed next. **Specialties** include particular industries the organization services.

The **geographic service area** is given by state and county, followed by reporting and billing methods. **Principal officers** and a **contact** person for those seeking more information complete the listings.

Listings are responses to a *Business Insurance* 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, *BI* is unable to verify all information.

To be included in next year's directory of EAPs and managed mental health care providers, please write to Kathy Welyki, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611-2590.

Following are the full professional designations for those abbreviated under the staff heading:

CAC is Certified Alcohol Counselor; **CEAP** is Certified Employee Assistance Program Counselor; **MD** is medical doctor; **MSW** is Masters in Social Work; **Ph.D.** is doctor of philosophy; **RN** is registered nurse.

Continued from previous page

Breining Institute

8880 Greenback Lane, Orangevale, Calif. 95662; 916-987-0662; fax: 916-987-8823

Staff

Salaried employees 22
Includes: 10 professional/mental health counselors
Designations held: 1 CEAP, 7 CACs
Contracted professionals 9
Includes: 2 psychiatrists, 2 psychologists, 1 social worker, 2 marriage/family/child counselors, 2 physicians
Designations held: 2 MSWs, 4 MDs, 2 Ph.D.s

Facilities

Total 10

EAP clients

Total 6
Lives covered at year-end 1993 12,000
Employees 12,000

1993 revenues

Total $600,000
EAP services 20%

Services began: 1979.
For profit.
Assessments & treatments: Stress, occupational problems, family/marital problems, suicide, alcohol abuse, drug/chemical abuse.
Health promotion: Standard services, excluding nutrition/weight control and elder care.
Educational/general services: Employee education, supervisor training, workplace problem identification.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP facilities, phone counseling.
Specialties: Medical, legal and court professionals.
Service area: California: El Dorado, Placer, Sacramento, Yolo and Yuba counties and Northern California.
Reporting: On request.
Billing: Flat fee; capitated fee, $22 per employee per year; fee for service.
Officers: Bernard Breining, Michael Breining, Louise Breining.
Contact: Bernie Breining.

Business Health Services/Employee Assistance Program Services

18101 Prince Philip Drive, Olney, Md. 20832; 301-570-3900; fax: 301-570-0211

Staff

Salaried employees 22.7
Includes: 13 social workers, 1 marriage/family/child counselor, 6 professional/mental health counselors
Designations held: 1 CEAP, 13 MSWs, 13 CACs, 1 RN
Contracted professionals 2
Includes: 1 psychiatrist, 1 professional/mental health counselor
Designations held: 1 CEAP, 1 MD

Facilities

Total 1

EAP clients

Total 126
Lives covered at year-end 1993 282,612
Employees 70,612
Dependents 212,000

Mental health network clients

Total 1
Lives covered at year-end 1993 5,000
Employees 1,200
Dependents 3,800

1993 revenues

Total $928,046
EAP services 100%

Services began: 1981.
Parent: Montgomery General Hospital.
Not for profit.
Assessments & treatments: Standard services, including work/family and AIDS-related services.
Health promotion: Standard services, including physical fitness/exercise, communicable pathogens awareness.
Educational/general services: Standard services, including psychiatric workers comp review.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Service area: District of Columbia; Maryland: Howard, Montgomery, Prince Georges and St. Mary's counties; Virginia: Arlington and Fairfax counties.
Reporting: Monthly, quarterly, annually, on request.
Billing: Flat fee; capitated fee, $8.50-$40 per employee per year; fee for service.
Officers: Peter Monge, CEO; John Hogarty, CFO; Marcia Cohen, vp-corporate development; Harold Pickett, vp; Eric Gundlach, vp-human resources.
Contact: Vicki Thompson-Jones, manager.

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C

C-A-B Consultants Inc.

4921 Butterfield Road, Hillside, Ill. 60162-1413; 708-449-2221; fax: 708-449-2223

Staff

Salaried employees 3
Includes: 1 physician
Designations held: 1 MD, 2 RNs

Facilities

Total 1

Services began: 1985.
For profit.
Health promotion: Standard services, excluding smoking cessation and elder care.
Educational/general services: Employee education, supervisor training.
Utilization review: Case management.
Counseling sites: All worksites.
Service area: Illinois.
Reporting: Quarterly.
Billing: Fee for service.
Officers: Carol A. Bacon, president; Pat McConnell, case manager; Dr. Steven K. White.

Ciminero & Associates P.A.

9130 S. Dadeland Blvd., Suite 1901, Miami, Fla. 33156; 305-670-2266; fax: 305-670-7746

Staff

Salaried employees 23
Includes: 1 psychiatrist, 12 psychologists, 3 social workers, 2 marriage/family/child counselors, 4 professional/mental health counselors, 1 physician
Designations held: 3 MSWs, 1 MD, 12 Ph.D.s
Contracted professionals 192
Includes: 10 psychiatrists, 120 psychologists, 30 social workers, 12 marriage/family/child counselors, 20 professional/mental health counselors
Designations held: 6 CEAPs, 30 MSWs, 6 CACs, 10 MDs, 2 RNs, 120 Ph.D.s

Facilities

Total 5

EAP clients

Total 25
Lives covered at year-end 1993 80,000
Employees 32,500
Dependents 47,500

1993 revenues

Total $1,200,000
EAP services 70%

Services began: 1985.
For profit.
Assessments & treatments: Standard services, including care for critical incidents.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness.
Educational/general services: Supervisor training, drug-free workplace regulatory adherence, workplace problem identification.
Utilization review: Inpatient and outpatient precertification.
Counseling sites: Selected worksites, clients' headquarters, EAP facilities, phone counseling.
Specialties: Travel industry: cruise lines, airlines; utilities; financial institutions; high-tech firms.
Service area: Florida: Broward, Dade and Palm Beach counties.
Reporting: On request.
Billing: Capitated fee.
Officers: Anthony Ciminero, president; Joanne Bauling, vp.
Contact: Anthony Ciminero.

Ann Clark Associates Inc.

8899 University Center Lane, Suite 385, San Diego, Calif. 92122; 619-452-1254 or 800-932-0034; fax: 619-452-7819

Staff

Salaried employees 3
Includes: 1 marriage/family/child counselor
Designations held: 1 CEAP
Contracted professionals 5
Includes: 2 psychologists, 3 marriage/family/child counselors
Designations held: 2 CEAPs

Facilities

Total 1

EAP Clients

Total 10
Lives covered at year-end 1993 6,000
Employees 3,000
Dependents 3,000

1993 revenues

Total $100,000
EAP services 80%

Services began: 1983.
For profit.

Continued on page 26

Gail Nachbaur, R.N., Director of Managed Care Review

"Everyone is talking about saving money and maintaining quality of care. It's no surprise they're also talking about home health care."

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Make the Sure Call: 1-800-66-NURSE (TDD accessible)

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Basic Statistics About Home Care 1992, National Association for Home Care citing the American Association for Respiratory Therapy and Aetna Life and Casualty Co. **Social Security Bulletin Annual Statistical Supplement, 1992.

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Assessments & treatments: Standard services.

Health promotion: Smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug/chemical awareness, physical fitness/exercise.

Educational/general services: Standard services.

Utilization review: Inpatient precertification, case management.

Counseling sites: Selected worksites, EAP facilities, phone counseling.

Service area: California, Hawaii, Illinois.

Reporting: Quarterly.

Billing: Flat fee, capitated fee.

Officers: Ann Clark, president; Tandice Tinney, CFO; Deanna Smith, chief administrative officer.

Community, Family & Children Services

1000 Hastings St., Traverse City, Mich. 49684; 616-947-8110; fax: 616-947-3522

Staff

Salaried employees 110
Includes: 4 psychologists, 18 social workers
Designations held: 18 MSWs, 21 CACs, 4 RNs, 4 Ph.Ds
Contracted professionals 2
Includes: 1 psychiatrist, 1 physician
Designations held: 2 MDs

Facilities

Total 18

EAP clients

Total 60
Lives covered at year-end 1993 34,000
Employees 8,500
Dependents 25,500

1993 revenues

Total $75,000
EAP services 100%

Services began: 1974.
Not for profit.
Assessments & treatments: Standard services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care.
Educational/general services: Standard services.
Counseling sites: All worksites.
Service area: Michigan: 21 northern counties in the lower peninsula
Reporting: Quarterly.
Billing: Flat fee, capitated fee, fee for service.
Officers: Chuck Veeser, executive director; Dave Martin, Jim Skiera, Kathy Arndt, Tom LaCross, area managers.
Contact: Bill Wares, EAP coordinator.

Comprehensive EAP

5 Militia Drive, Lexington, Mass. 02173; 617-863-8283; fax: 508-534-3629

Staff

Salaried employees 2
Includes: 1 psychologist, 1 professional/mental health counselor
Designations held: 2 CEAPs, 1 Ph.D

EAP clients

Total 10

1993 revenues

EAP services 100%

Services began: 1979.
For profit.
Assessments & treatments: Stress, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent and child treatment.
Health promotion: Standard services, excluding AIDS awareness.
Educational/general services: Employee education, supervisor training.
Utilization review: Outpatient precertification, case management.
Counseling sites: Selected worksites, EAP facilities.
Specialties: Service, high technology, professional and manufacturing organizations.
Service area: Massachusetts.
Reporting: Quarterly.
Billing: Capitated fee, $24-$36 per employee per year; fee for service.
Officers: Mark Sagor, president; Robert Kagey, treasurer.
Contact: Robert Kagey.

Corporate Counseling Associates Inc.

475 Park Ave. S., 30th Floor, New York, N.Y. 10016; 212-686-6827; fax: 212-686-6511

Staff

Salaried employees 20
Includes: 2 psychologists, 18 social workers
Designations held: 4 CEAPs, 18 MSWs, 4 CACs, 2 Ph.Ds
Contracted professionals * 200
Includes: 20 psychiatrists, 60 psychologists, 80 social workers, 40 marriage/family/child counselors
Designations held: 15 CEAPs, 80 MSWs, 15 CACs, 20 MDs, 60 Ph.Ds
** Contracted employee figures are company estimates.*

Services began: 1984.
For profit.
Assessments & treatments: Standard services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care.
Educational/general services: Supervisor training, drug-free workplace adherence, workplace problem identification, psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP facilities, phone counseling, affiliated counselor offices.
Specialties: Publishing, communications, banking and finance.
Service area: All 50 states.
Reporting: Quarterly.
Billing: Capitated fee.
Officers: Robert Levy, Gene Cooper.
Contact: Georgia Critsimilios, marketing director.

The Counseling Group Inc.

106 Third Ave. N.E., Hickory, N.C. 28601; 704-322-9130; fax: 704-322-7890

Staff

Salaried employees 7
Includes: 2 psychologists, 1 social worker, 1 marriage/family/child counselor, 1 professional/mental health counselor
Designations held: 1 CEAP, 1 MSW, 2 Ph.Ds
Contracted professionals 3
Includes: 1 marriage/family/child counselor, 2 professional/mental health counselors
Designations held: 1 CEAP

EAP Clients

Total 15
Lives covered at year-end 1993 ..... NA
Employees 11,000

Services began: 1981.
For profit.
Assessments & treatments: Stress, occupational problems, family/marital problems, suicide, alcohol abuse.
Health promotion: Stress management, alcohol awareness.
Educational/general services: Standard services.
Counseling sites: Selected worksites, EAP facilities, phone counseling.
Service area: North Carolina: Alexander, Burke, Caldwell and Catawba counties.
Reporting: Quarterly.
Billing: Capitated fee, $17 per employee per year.
Officers: John S. Worm, Douglas J. Freeman, J. Edward McFadden, officers.
Contact: John Worm.

D

Dor & Associates Inc.

430 First Ave. N., Suite 216, Minneapolis, Minn. 55401; 612-332-4805; fax: 612-342-2422

Staff

Salaried employees 13
Includes: 1 psychiatrist, 2 psychologists, 3 social workers, 2 marriage/family/child counselors
Designations held: 6 CEAPs, 1 Ph.D
Contracted professionals 4
Includes: 3 psychologists, 1 social worker
Designations held: 1 CEAP, 1 MSW

Facilities

Total 5

EAP clients

Total 163

1993 revenues

EAP services 85%

Services began: 1978.
For profit.
Assessments & treatments: Standard services, including senior caregiver.
Health promotion: Standard services, excluding nutrition/weight control.
Educational/general services: Standard services.
Utilization review: Standard services.
Counseling sites: EAP facilities, phone counseling.
Service area: Minnesota.
Reporting: Quarterly.
Billing: Flat fee, capitated fee, fee for service.
Officers: Janet Deming, CEO; Linda Houden, executive vp; Ceola Lazo, vp; Tod Deming, administrator; Karen Hagen, director.
Contact: Linda Houden.

Continued on next page

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Continued from previous page

E

EAP, Service of Mount Auburn Hospital

55 Wheeler St., Cambridge, Mass. 02138; 617-661-0090 or 800-888-5105; fax: 617-661-3978

Staff

Salaried employees 13
Includes: 1 psychiatrist, 10 social workers
Designations held: 2 CEAPs, 10 MSWs, 2 CACs, 1 MD, 1 Ph.D
Contracted professionals 23
Includes: 10 psychologists, 13 social workers
Designations held: 2 CEAPs, 13 MSWs, 6 CACs, 10 Ph.Ds

Facilities

Total 1

EAP clients

Total 40
Lives covered at year-end 1993 ..... NA
Employees 16,000

1993 revenues

Total $500,000
EAP services 100%

Services began: 1981.
Parent: Mount Auburn Hospital.
Not for profit.
Assessments & treatments: Standard services, excluding adolescent treatment.
Health promotion: Standard services, including work/family balance, communication skills and management development.
Educational/general services: Standard services, including consultation on policy development, drug/alcohol testing.
Counseling sites: Selected worksites, EAP facilities, phone counseling.
Service area: Massachusetts, New Hampshire, Rhode Island.
Reporting: Monthly.
Billing: Flat fee; capitated fee, $41.40 per employee per year; fee for service.
Officers: Frank Lynch, president; Ed Moore, executive vp; Lucy Farmer, Katharine Whidden, Tom O'Connell, vps.
Contact: Dr. Nancy Zare, director.

EAP Systems

10 E. Cambridge Circle Drive, Kansas City, Kan. 66103; 913-281-7647; fax: 913-281-0084

Staff

Salaried employees 17
Includes: 1 psychiatrist, 2 psychologists, 7 social workers, 2 professional/mental health counselors, 1 physician
Designations held: 4 CEAPs, 7 MSWs, 5 CACs, 2 MDs, 1 RN, 2 Ph.Ds

EAP Clients

Total 112
Lives covered at year-end 1993 390,000
Employees 120,000
Dependents 270,000

1993 revenues

EAP services 100%

Services began: 1978.
Not for profit.
Assessments & treatments: Standard services, including dependent care.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care.
Educational/general services: Standard services including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP facilities.
Specialties: Rural and hard-to-reach areas.
Service area: Nationwide, including Alaska and Hawaii; Canada; Mexico; Puerto Rico.
Reporting: Monthly.
Billing: Capitated fee.
Officers: Richard H. Ready, director/COO.

Employee Assistance Program Consultants Inc.

3330 Fiechtner Drive, Fargo, N.D. 58103; 701-235-4440; fax: 701-235-0306

Staff

Salaried employees 10
Includes: 2 marriage/family/child counselors, 2 professional/mental health counselors
Designations held: 2 CEAPs, 2 CACs
Contracted professionals 4
Includes: 1 social worker, 1 professional/mental health counselor
Designations held: 1 MSW, 1 CAC

Facilities

Total 1

EAP Clients

Total 105
Lives covered at year-end 1993 87,500
Employees 30,000
Dependents 57,500

Services began: 1984.
For profit.
Assessments & treatments: Standard services, excluding care for occupational problems.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness.
Educational/general services: Standard services.
Counseling sites: EAP facilities, phone counseling.
Service area: Kansas, Minnesota, Nebraska, North Dakota, South Dakota, Wyoming.
Reporting: Quarterly, annually, on request.
Billing: Capitated fee.
Officers: Bill Kippley, president; Larry L. Johnson, Kathy Marcil, vps.

Continued on next page

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Continued from previous page

Employee Counseling Associates Inc.

612 Pasteur Drive, Suite 207,
Greensboro, N.C. 27403;
910-854-1760; fax: 910-634-0162

Staff

Salaried employees....3
Includes: 1 social worker, 1 marriage/family/child counselor, 1 professional/mental health counselor
Designations held: 1 CEAP, 1 MSW, 1 CAC

EAP Clients

Total....14
Lives covered at year-end 1993....NA
Employees....9,000

1993 revenues

Total....$150,000
EAP services....95%

Services began: 1969.
For profit.
Assessments & treatments: Stress, occupational problems, family/marital problems, alcohol abuse, drug/chemical abuse.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, elder care.
Educational/general services: Standard services, excluding workplace problem identification.
Utilization review: Standard services, excluding concurrent review.
Counseling sites: All worksites, EAP/mental health care facilities.
Service area: North Carolina: Alamance, Forsyth, Guilford and Rockingham counties.
Reporting: Quarterly.
Billing: Capitated fee, $20-$25 per employee per year; fee for service.
Officers: Nelson B. Hodgkins, president; Merle D. Walker, corporate secretary.

F

Family Service Assn. of Greater Lawrence Employee Assistance Program

430 N. Canal St., Lawrence,
Mass. 01840; 508-683-9505;
fax: 508-683-1026

Staff

Salaried employees....12
Includes: 1 psychiatrist, 2 psychologists, 8 social workers
Designations held: 1 CEAP, 8 MSWs, 1 MD, 1 RN, 1 Ph.D.
Contracted professionals....3
Includes: 3 social workers
Designations held: 3 MSWs

EAP clients

Total....20

Services began: 1988.
Not for profit.
Assessments & treatments: Standard services, including elder care and caregiver issues.
Health promotion: Standard services, excluding smoking cessation.
Educational/general services: Employee education, supervisor training, drug-free workplace adherence, sexual harassment prevention, trauma response.
Counseling sites: Selected worksites, EAP facilities.
Service area: Massachusetts: Essex County; southern New Hampshire. Affiliated nationally with Family Service Network.
Reporting: Quarterly, semi-annually.
Billing: Capitated fee.
Officers: Kay Frishman, executive director; John Zielin, assistant director; Leonard DeBenedictis, EAP director.
Contact: Leonard DeBenedictis.

Family Service Mid-Peninsula - Services to Industry

375 Cambridge Ave., Palo Alto,
Calif. 94306; 415-326-9890;
fax: 415-326-1340

Staff

Salaried employees....9
Includes: 1 psychologist, 6 social workers, 2 marriage/family/child counselors
Designations held: 1 CEAP, 1 CAC, 1 Ph.D.
Contracted professionals....23
Includes: 1 psychiatrist, 13 social workers, 10 marriage/family/child counselors, 3 professional/mental health counselors
Designations held: 13 MSWs, 2 CACs, 1 MD

Facilities

Total....1

EAP clients

Total....25
Lives covered at year-end 1993....32,000
Employees....12,000
Dependents....20,000

1993 revenues

Total....$200,000
EAP services....80%

Services began: 1983.
Parent: Family Service Mid-Peninsula.
Not for profit.
Assessments & treatments: Standard services, excluding financial concerns and legal problems.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, elder care.
Educational/general services: Standard services.
Utilization review: Standard services, excluding concurrent review.
Counseling sites: Selected worksites, EAP facilities, phone counseling.
Specialties: Computer, medical, food service and publishing industries; theme parks.
Service area: 42 states, including all of California.
Reporting: Monthly, quarterly.
Billing: Fee for service.
Officers: Jeanne Labozetta, CEO; Leon Beeler, director-business operations; Julie Berman Paul, program services director; M.J. Loughran, director-Services To Industry; Tony Coleman, president-board of trustees.
Contact: M.J. Loughran.

G

Gosnold on Cape Cod-ROI Associates

200 Ter Heun Drive, Falmouth,
Mass. 02540; 508-540-6550

Staff

Salaried employees....3
Includes: 1 psychologist, 2 social workers
Designations held: 1 CEAP, 2 MSWs, 1 Ph.D.
Contracted employees....NA
Includes: 1 psychiatrist
Designations held: MDs

EAP clients

Total....13
Lives covered at year-end 1993....NA
Employees....2,000

1993 revenues

Total....$45,000
EAP services....100%

Services began: 1984.
Not for profit.
Assessments & treatments: Standard services.
Health promotion: Smoking cessation, stress management, alcohol awareness, drug/chemical abuse.
Educational/general services: Employee education, supervisor training, workplace problem identification.
Utilization review: Inpatient precertification, case management.
Counseling sites: Selected worksites, clients' headquarters, satellite offices.
Service area: Southeast Massachusetts.
Reporting: Quarterly, annually, on request.
Billing: Flat fee; capitated fee, $22-$25 per employee per year; fee for service.
Officers: Raymond Tamasi, president/CEO; Cheryl Jarvi, director-administration; Mary Klimm, EAP manager.
Contact: Cheryl Jarvi.

Kathleen Greer Associates

161 Worcester Road, Framingham,
Mass. 01701; 508-879-2093;
fax: 508-875-5574

Staff

Salaried employees....4
Includes: 3 professional/mental health counselors
Designations held: 3 CEAPs
Contracted professionals....NA
Includes: 36 social workers
Designations held: 36 MSWs

EAP clients

Total....20
Lives covered at year-end 1993....17,500
Employees....10,000
Dependents....7,500

1993 revenues

EAP services....80%

Services began: 1982.
For profit.
Assessments & treatments: Standard services, including sexual harassment related services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness.
Educational/general services: Standard services.
Counseling sites: Selected worksites, EAP facilities.
Specialties: High growth and high technology businesses.
Service area: New England.
Reporting: Quarterly.

Continued on next page

Reliance Re underwrites through Reliance Insurance Company

Continued from previous page

Billing: Capitated fee.
Contact: Kathleen Greer, president.

H

Health Resources

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

Staff

Salaried employees 7
Includes: 7 social workers
Designations held: 2 CEAPs, 8 MSWs, 1 Ph.D.
Contracted professionals 158
Includes: 18 psychologists, 130 social workers, 10 marriage/family/child counselors
Designations held: 5 CEAPs, 130 MSWs, 3 CACs, 4 RNs, 18 Ph.D.s

EAP clients

Lives covered at year-end 1993 60,000

Services began: 1981.
For profit.
Assessments & treatments: Stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems (assessment), drug/chemical abuse, financial concerns, eating disorders, post traumatic stress, depression, anxiety, parenting, interpersonal issues, elder care and child care.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including management of organizational stress and change.
Utilization review: Case management.
Counseling sites: Selected worksites, EAP facilities, phone counseling.
Specialties: Manufacturing, high-tech, software, health, municipalities.
Service area: California, Connecticut, Florida, Georgia, Illinois, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Rhode Island, Texas.
Reporting: Quarterly.
Billing: Flat fee, capitated fee, fee for service.
Officers: David S. Critchlow, CEO/president; Thomas W. Diffily, COO.
Contact: Thomas W. Diffily.

I

Institute for Human Resources

9705 Data Park Drive, MN06-6320,
Minnetonka, Minn. 55343;
800-662-1264; fax: 612-945-6630

Staff

Salaried employees 145
Includes: 90 professional/mental health counselors

EAP Clients

Lives covered at year-end 1993 2,005,000
Employees 875,000
Dependents 1,130,000

Services began: 1981.
Parent: United HealthCare Corp.
For profit.
Assessments & treatments: Standard services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care.
Educational/general services: Standard services including psychiatric disability review, psychiatric workers comp review.
Counseling sites: All worksites, EAP facilities, physicians' offices, phone counseling.
Service area: International.
Reporting: Quarterly.
Billing: Capitated fee, fee for service.
Officers: R. Edward Bergmark, CEO.
Contact: Scott Erhardt, director-marketing.

L

Lampton & Associates

Nolan Building, 2100 Gardiner Lane,
Suite 300, Louisville, Ky. 40205;
502-459-7799

Staff

Salaried employees 1
Includes: 1 social worker
Designations held: 1 CEAP, 1 MSW
Contracted professionals 2
Includes: 2 social workers
Designations held: 2 MSWs

EAP Clients

Total 5
Lives covered at year-end 1993 5,500
Employees 3,000
Dependents 2,500

1993 revenues

Total $75,000
EAP services 80%
Managed mental health care services 15%

Services began: 1974.
For profit.
Assessments & treatments: Stress, occupational problems, family/marital problems, suicide, alcohol abuse, drug/chemical abuse, financial concerns, adolescent treatment, violence in the workplace, critical incident debriefing.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness.
Educational/general services: Standard services.
Utilization review: Case management.
Counseling sites: All worksites, EAP facilities.
Service area: Indiana, Kentucky.
Reporting: Quarterly.
Billing: Capitated fee, $2 per employee per month; fee for service.
Officers: T. Patrick Lampton, owner.

The Lexington Group

91 Lexington St., New Britain,
Conn. 06052; 800-676-4357;
fax: 203-224-2020

Staff

Salaried employees 12
Includes: 1 psychologist, 3 social workers, 1 marriage/family/child counselor, 2 professional/mental health counselors
Designations held: 4 CEAPs, 5 MSWs, 2 CACs, 1 Ph.D.
Contracted professionals 300
Includes: 10 psychiatrists, 47 psychologists, 73 social workers, 56 marriage/family/child counselors, 62 professional/mental health counselors, 9 physicians
Designations held: 54 CEAPs, 71 MSWs, 35 CACs, 9 MDs, 11 RNs, 52 Ph.D.s

Facilities

Total 10

EAP Clients

Total 52
Lives covered at year-end 1993 176,040
Employees 58,400
Dependents 117,640

1993 revenues

Total $990,500
EAP services 100%

Services began: 1988.
For profit.
Assessments & treatments: Standard services, including emotional/psychological difficulties, job/career stress, addictions, domestic violence.
Health promotion: Standard services including physical fitness/exercise, child care.
Educational/general services: Standard services, including conflict resolution, team building, communications and leadership skills, training for survivors of corporate change.
Utilization review: Case management, gatekeeper function.
Counseling sites: Selected worksites, EAP facilities, phone counseling.
Service area: North America.
Reporting: Quarterly, on request.
Billing: Flat fee; capitated fee, $15-$45 per employee per year; fee for service.
Officers: Charles Pilkington, president; Bonnie Erkson, vp-finance/administration; Thomas Doolittle, vp-clinical operations; Gina Marzilli Shaughnessy, vp-marketing/customer relations.
Contact: Gina Marzilli Shaughnessy.

Lincoln EAP Inc.

201 N. Eighth St., Suite 101, Lincoln,
Neb. 68508; 402-476-0186

Staff

Salaried employees 9
Includes: 1 social worker, 8 professional/mental health counselors
Designations held: 5 CEAPs, 1 MSW

EAP Clients

Total 67
Lives covered at year-end 1993 85,711
Employees 25,711
Dependents 60,000

1993 revenues

Total $476,178
EAP services 96%

Services began: 1974.
Not for profit.[1]
Assessments & treatments: Standard services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care.
Educational/general services: Standard services, including critical incident

Continued on next page

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stress debriefing.
Utilization review: Case management.
Counseling sites: Selected worksites, EAP facilities.
Specialties: Small businesses with less than 100 employees.
Service area: Nebraska.
Reporting: Monthly.
Billing: Flat fee.
Officers: Doc Chavis, board president; Art Sharp, vp; Bob Snow, secretary/treasurer; Chip Woods, Debbie Fisher, board members.
Contact: Kristine Brennan, executive director.

Longview Associates Inc.
237 Mamaroneck Ave., Suite 404,
White Plains, N.Y. 10605;
914-946-0525; fax: 914-683-0037

Staff
Salaried employees....7
Includes: 2 social workers
Designations held: 3 CEAPs, 2 MSWs, 4 CACs

EAP Clients
Total....63
Lives covered at year-end 1993....NA
Employees....35,000

1993 revenues
EAP services....100%

Services began: 1972.
Not for profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP facilities.
Specialties: Non-profit schools and hospitals.
Service area: Nationwide, including Alaska and Hawaii.
Reporting: Annually.
Officers: Marcia E. Nagle, president.

M

Maschhoff, Barr & Associates
P.O. Box 11268, Tacoma, Wash.
98411-0268; 800-441-3119;
fax: 206-596-5656

Staff
Salaried employees....62
Includes: 1 psychiatrist, 2 psychologists, 12 social workers, 14 marriage/family/child counselors, 16 professional/mental health counselors
Designations held: 8 CEAPs, 16 MSWs, 6 CACs, 1 MD, 2 RNs, 1 Ph.D.
Contracted professionals....16,995
Includes: 3,811 psychiatrists, 7,086 psychologists, 5,249 social workers, 602 marriage/family/child counselors, 247 professional/mental health counselors

Facilities
Total....3,044

EAP clients
Total....1,980
Lives covered at year-end 1993....1,021,000
Employees....318,000
Dependents....703,000

Mental health network clients
Total....284
Lives covered at year-end 1993....179,962
Employees....56,238
Dependents....123,724

Services began: 1979.
Parent: Green Spring Health Services Inc.
For profit.
Assessments & treatments: Standard services, including critical incident.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: All worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Service area: Nationwide.
Reporting: Monthly, quarterly, annually, on request.
Billing: Flat fee, capitated fee, fee for service.
Officers: William C. Barr, COO.
Contact: Chris Parsons.
Maschhoff, Barr & Associates provides EAP services under both the Green Spring Health Services plan and on an independent basis under the Maschhoff, Barr & Associates name. Some of the client, revenue, facilities and staff data is duplicated in the Green Spring Health Services Inc. listing in the managed mental health care network section of the directory.

Mastrich & Associates
4475 Route 27, Kingston, N.J.
08528; 609-921-3665

Staff
Salaried employees....2
Includes: 2 psychologists
Designations held: 1 CAC, 2 Ph.D.s
Contracted professionals....3
Includes: 1 social worker, 2 professional/mental health counselors
Designations held: 1 CEAP, 1 MSW, 2 CACs

EAP clients
Total....4
Lives covered at year-end 1993....2,500
Employees....600
Dependents....1,900

Services began: 1987.
For profit.
Assessments & treatments: Standard services, including treatment for adult children of alcoholics.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness.
Educational/general services: Standard services.
Utilization review: Case management.
Continued on next page

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Fax (414) 786-6647

Continued from previous page

Counseling sites: All worksites, EAP facilities, phone counseling.
Service area: New Jersey.
Reporting: Annually, on request.
Billing: Flat fee.
Officers: James L. Mastrich Jr., director.

Motanky & Associates Inc.

8601 W. Bryn Mawr Ave., Suite 113, Chicago, Ill. 60631; 312-693-0139; fax: 312-380-1037

Staff

Salaried employees 8
Includes: 1 psychiatrist, 3 psychologists, 4 social workers
Designations held: 3 CEAPs, 4 MSWs, 1 MD, 3 Ph.D.s
Contracted professionals ..... NA
Includes: 1 psychiatrist, 10 psychologists, 10 social workers
Designations held: 5 CEAPs

1993 revenues

Total $500,000
EAP services 90%

Services began: 1987.
For profit.
Assessments & treatments: Standard services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, elder care, child care referral.
Educational/general services: Standard services.
Utilization review: Case management.
Counseling sites: Selected worksites, EAP facilities, phone counseling.
Service area: Nationwide.
Reporting: Quarterly.
Billing: Flat fee; capitated fee, $1.75-$2.50 per employee per month.
Officers: Guy U. Motanky, president; Lynn Motanky, treasurer.
Contact: Guy U. Motanky.

N

New Choices Inc.

1111 S. Las Vegas Blvd., Suite 233, Las Vegas, Nev. 89104; 702-383-9777

Staff

Salaried employees 4
Designations held: CEAPs, MSWs, CACs, Ph.D.s
Contracted professionals ..... NA
Includes: psychiatrists, psychologists, marriage/family/child counselors, professional/mental health counselors
Designations held: MSWs, MDs, Ph.D.s

Facilities

Total 1

EAP clients

Total 16

1993 revenues

EAP services 90%

Services began: 1986.
For profit.
Assessments & treatments: Stress, alcohol abuse, drug/chemical abuse, financial concerns.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness.
Educational/general services: Standard services.
Counseling sites: Selected worksites, EAP facilities, physicians' offices.
Specialties: Construction, transportation, manufacturing.
Service area: Nevada: Clark County.
Reporting: On request.
Billing: Flat fee, fee for service.
Officers: Bob Henderson, director.

Standard services

Standard assessments and treatments include stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns and adolescent treatment.

Standard health promotion services include smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug/chemical awareness, AIDS awareness and elder care.

Standard educational/general services include employee education, supervisor training, drug-free workplace regulatory adherence and workplace problem identification.

Standard utilization review services include inpatient and outpatient precertification, concurrent review and case management.

Northwest Resources EAP

364 Indian Boundary Road, Chesterton, Ind. 46304; 219-926-3738; fax: 219-926-3979

Staff

Salaried employees 6
Includes: 4 professional/mental health counselors
Designations held: 2 CEAPs
Contracted professionals 1
Includes: 1 social worker
Designations held: 1 MSW

Facilities

Total 4

EAP clients

Total 22
Lives covered at year-end 1993 ..... NA
Employees 12,000

1993 revenues

EAP services 100%

Services began: 1983.
For profit.
Assessments & treatments: Standard services.
Health promotion: Smoking cessation, stress management, alcohol awareness, drug/chemical awareness.
Educational/general services: Employee education, supervisor training, drug-free workplace regulatory adherence.
Counseling sites: Selected worksites, EAP facilities.
Service area: Indiana: Lake, LaPont and Porter counties.
Reporting: Monthly, quarterly, annually, on request.
Billing: Capitated fee.
Officers: Marian Roser, Dan McGinnis, partners.
Contact: Marian Roser.

P

Pape & Associates

618 S. West St., Wheaton, Ill. 60187; 708-668-8710; fax: 708-668-8779

Staff

Salaried employees 6
Includes: 5 social workers, 1 marriage/family/child counselor
Designations held: 2 CEAPs, 5 MSWs, 6 CACs
Contracted professionals 11
Includes: 1 psychiatrist, 10 social workers
Designations held: 2 CEAPs, 10 MSWs, 10 CACs, 1 MD

Facilities

Total 6

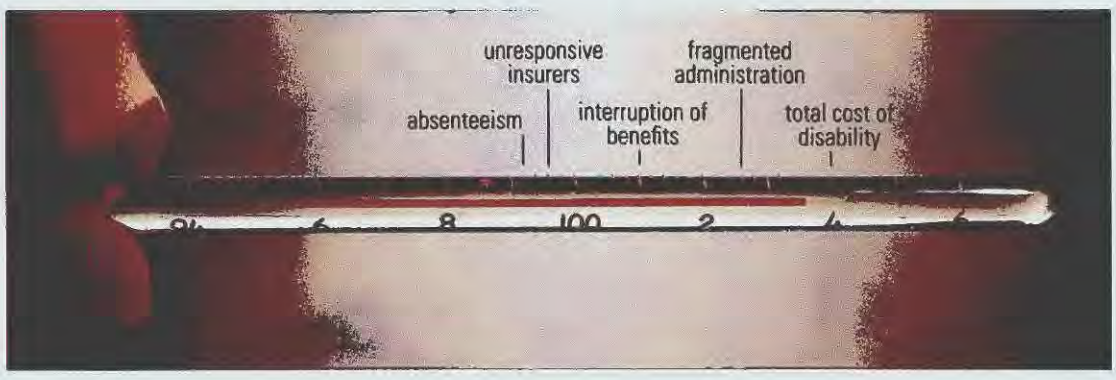
EAP clients

Total ..... NA
Lives covered at year-end 1993 40,000
Employees 10,000
Dependents 30,000

Services began: 1981.
For profit.
Assessments & treatments: Standard services, including services for sexual abuse and post traumatic stress disorder.
Health promotion: Stress management, alcohol awareness, drug/chemical

Continued on next page

Before prescribing the right disability plan, we found out what was ailing the benefits manager.



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Continued from previous page
awareness.
Educational/general services: Standard services.
Counseling sites: All worksites, EAP facilities, phone counseling.
Service area: Illinois: Cook, DuPage and Kane counties.
Reporting: Quarterly.
Billing: Capitated fee, $1.50 per employee per month; fee for service.
Officers: Patricia A. Pape, president; Tom Graber, EAP coordinator.
Contact: Tom Graber.

Personal Assistance Services

2321 Hartford St., San Diego, Calif. 92110-2338; 619-275-5563

Staff

Salaried employees	1
Includes: 1 professional/mental health counselor	
Designations held: 1 CEAP	
Contracted professionals	5
Includes: 2 psychologists, 1 social worker, 1 marriage/family/child counselor, 1 professional/mental health counselor	
Designations held: 1 CEAP, 1 MSW, 2 Ph.D.s	

Facilities

Total	5

EAP Clients

Total	75
Lives covered at year-end 1993	NA
Employees	5,000

1993 revenues

Total	$173,000
EAP services	100%

Services began: 1978.
For profit.
Assessments & treatments: Standard services, excluding adolescent treatment.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services.
Utilization review: Concurrent review, case management.
Counseling sites: EAP facilities.
Specialties: Small business, medical and legal professionals.
Service area: California: San Diego County.
Reporting: Quarterly, annually, on request.
Billing: Flat fee, capitated fee, fee for service.
Officers: Duane E. Rogers, president.

Pius XII Corporate Services

339 Main St., Goshen, N.Y. 10924; 914-294-3501; fax: 914-294-9932

Staff

Salaried employees	8
Includes: 5 social workers, 3 marriage/family/child counselors	
Designations held: 2 CEAPs, 6 MSWs	
Contracted professionals	32
Includes: 5 psychologists, 27 professional/mental health counselors	
Designations held: 9 CEAPs, 27 MSWs, 6 CACs, 5 Ph.D.s	

EAP clients

Lives covered at year-end 1993	49,800
Employees	9,800
Dependents	40,000

1993 revenues

Total	$326,500
EAP services	96.3%

Services began: 1985.
Parent: Pius XII Youth & Family Services.
Not for profit.
Assessments & treatments: Standard services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care.
Educational/general services: Standard services.
Utilization review: Case management.
Counseling sites: EAP facilities, phone counseling.
Service area: New York.
Reporting: Quarterly.
Billing: Flat fee.
Contact: Frederick E. Noll, director.

ProActive Health Associates

201 Lyons Ave., Newark, N.J. 07112; 201-926-7830; fax: 201-923-2419

Staff

Salaried employees	2.3
Includes: 1 psychiatrist, 1 social worker, 0.3 marriage/family/child counselors	
Designations held: 1 CEAP, 2 MSWs, 1 CAC, 1 MD	
Contracted professionals	3
Includes: 1 psychologist, 1 social worker, 1 professional/mental health counselor	

EAP clients

Total	2
Lives covered at year-end 1993	8,000
Employees	4,000
Dependents	4,000

Services began: 1986.
Parent: Newark Beth Israel Medical Center.
Not for profit.
Assessments & treatments: Standard services.

Health promotion: Smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug/chemical awareness, physical fitness/exercise.
Educational/general services: Standard services.

Utilization review: Case management.
Counseling sites: EAP facilities, physicians' offices, phone counseling.

Specialties: Health care industry, small- to medium-size companies, newspapers.
Service area: Northern New Jersey: primarily Essex and Union counties.

Reporting: Quarterly, on request.
Billing: Flat fee, capitated fee, fee for service.

Officers: Dr. Stuart Rosenthal, executive medical director; Aron Schlam, senior vp-Newark Beth Israel Medical Center; Susan H. Frishman, director.
Contact: Susan H. Frishman.

Process Dynamics Ltd.

5786 Lincoln Drive, Edina, Minn. 55343; 612-936-7730; fax: 612-936-9156

Staff

Salaried employees	3
Includes: 2 social workers	
Designations held: 2 CEAPs, 2 MSWs	
Contracted professionals	8
Includes: 1 psychologist, 1 social worker, 6 professional/mental health counselors	
Designations held: 1 Ph.D.	

EAP Clients

Total	20
Lives covered at year-end 1993	NA
Employees	13,000

1993 revenues

EAP services	32%
Managed mental health care services	45%

Services began: 1977.
For profit.
Assessments & treatments: Standard services, including grief and loss counseling .
Health promotion: Standard services, including physical fitness/exercise and sexual harassment related services.
Educational/general services: Standard services.
Utilization review: Mental health case management.
Counseling sites: All worksites, EAP facilities, phone counseling.
Service area: Nationwide, including Alaska and Hawaii; Canada; Mexico.
Reporting: Quarterly.
Billing: Capitated fee.
Officers: Pauline Donovan, president.
Contact: Bonnie L. Jones, office manager.

Professional Employee Assistance Consulting (PEAC)

6345 Balboa Blvd., Suite 205, Encino, Calif. 91316; 818-345-7671

Staff

Salaried employees	1
Designations held: 1 CEAP	
Contracted professionals	5
Includes: 1 psychiatrist, 1 psychologist, 1 social worker, 1 marriage/family/child counselor	
Designations held: 1 CEAP	

Facilities

Total	13

EAP clients

Total	6

1993 revenues

Total	$115,000
EAP services	100%

Services began: 1986.
For profit.
Assessments & treatments: Standard services, including services for traumatic incidents.
Health promotion: Standard services, including retirement planning.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Concurrent review, case management.
Counseling sites: All worksites, client's headquarters, EAP facilities, physicians' offices, phone counseling.
Specialties: Oil industry, alcoholic beverage industry, attorneys, cities.
Service area: California: Kern and Los Angeles counties.
Reporting: Annually, on request.
Billing: Flat fee, fee for service.

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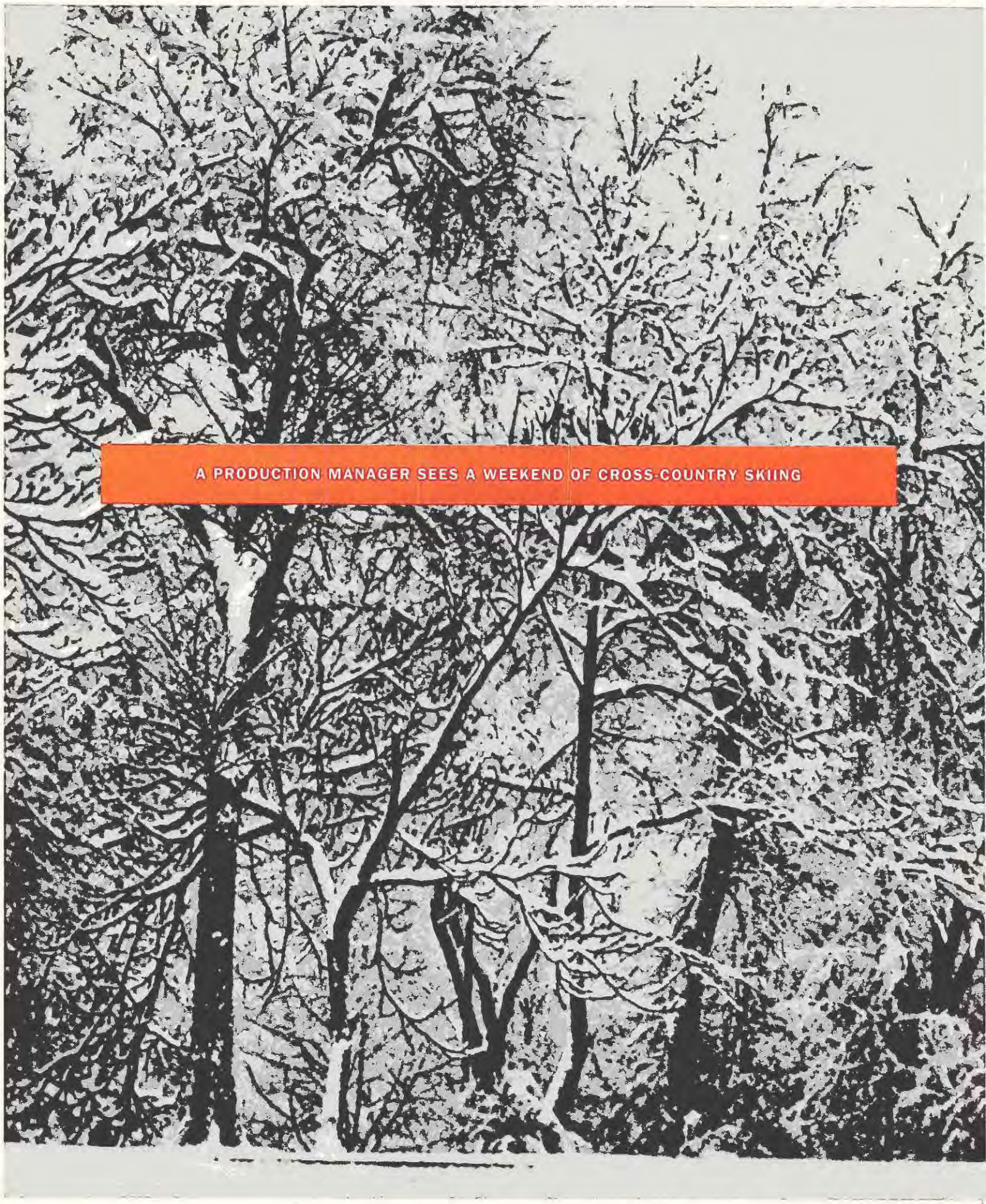

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Officers: Nancy A. Petenbrink, sole proprietor.

Progressive Corporate Care Inc.

5225 Sheridan Drive, Williamsville, N.Y. 14221; 716-626-9976; fax: 716-633-6376

Staff

Salaried employees....10
Includes: 1 psychiatrist, 5 social workers, 3 professional/mental health counselors
Designations held: 5 MSWs, 2 CACs, 1 MD, 1 RN
Contracted professionals....33
Includes: 3 psychiatrists, 2 psychologists, 15 social workers, 5 marriage/family/child counselors, 7 professional/mental health counselors, 1 physician
Designations held: 15 MSWs, 5 CACs, 4 MDs, 2 RNs, 2 Ph.D.s

Facilities

Total....31

EAP Clients

Total....3
Lives covered at year-end 1993....1,000
Employees....300
Dependents....700

Services began: 1993.
For profit.
Assessments & treatments: Standard services, including workplace crisis debriefing.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services, excluding concurrent review.
Counseling sites: All worksites, EAP facilities, physicians' offices, phone counseling.
Service area: New York, Pennsylvania.
Reporting: Quarterly, on request.
Billing: Capitated fee, $15-$17.50 per employee per year.
Officers: Thomas P. McNulty, executive director.

Directory terms and methodology explained on page 23. Managed mental health care directory on page 38.

R

Radar Inc.

68 Overbrook Road, West Hartford, Conn. 06107; 203-523-9273; fax: 203-232-5049

Staff

Salaried employees....5
Includes: 1 psychologist, 1 social worker, 2 marriage/family/child counselors, 1 professional/ mental health counselor
Designations held: 5 CEAPs, 1 MSW, 2 CACs, 1 Ph.D.
Contracted professionals....150
Includes: 30 psychiatrists, 60 psychologists, 30 social workers, 30 marriage/family/child counselors
Designations held: 70 CEAPs, 30 MSWs, 60 CACs, 30 MDs

Facilities

Total....10

EAP Clients

Total....20
Lives covered at year-end 1993....22,000
Employees....12,000
Dependents....10,000

1993 revenues

Total....$347,000
EAP services....35%

Services began: 1980.
Not for profit.
Assessments & treatments: Standard services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care.
Educational/general services: Standard services, excluding drug-free workplace adherence services.
Counseling sites: All worksites, EAP facilities, phone counseling.
Service area: Nationwide, excluding Alaska, New Mexico and Wisconsin; international.
Reporting: Monthly, annually.
Billing: Capitated fee, fee for service.
Officers: Richard Norowski, president; Rodney Carr, vp; Ann Ambrose, secretary.
Contact: Karen Reckmeyer, EAP liaison.

Raleigh Employee Assistance Program Inc.

4000 Wake Forest Road, Suite 100, Raleigh, N.C. 27609; 919-872-4786; fax: 919-872-8281

Staff

Salaried employees....4
Includes: 4 professional/mental health counselors
Designations held: 1 CEAP, 1 MSW, 1 CAC, 1 Ph.D.
Contracted professionals....1
Includes: 1 social worker
Designations held: 1 MSW

EAP Clients

Total....25
Lives covered at year-end 1993....NA
Employees....15,000

1993 revenues

EAP services....100%

Services began: 1985.
For profit.
Assessments & treatments: Standard services, excluding care for legal problems and adolescent treatment.
Health promotion: Drug/chemical awareness.
Educational/general services: Standard services.
Counseling sites: Selected worksites, EAP facilities, phone counseling.
Service area: North Carolina: Wake and surrounding counties.
Reporting: Quarterly.
Billing: Capitated fee.
Officers: Karen Untz, president.

S

Donald Sandin & Associates Inc.

305 Madison Ave., Suite 956, New York, N.Y. 10165; 212-370-4305

Staff

Salaried employees....5
Designations held: 4 CEAPs, 2 MSWs, 1 CAC, 1 Ph.D.

EAP clients

Total....15
Lives covered at year-end 1993....70,000
Employees....30,000
Dependents....40,000

Services began: 1973.
For profit.
Assessments & treatments: Standard services, including critical incidents.
Health promotion: Smoking cessation, stress management, alcohol awareness, drug/chemical awareness.
Educational/general services: Standard services.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities.
Service area: Nationwide.
Reporting: Annually, semi-annually.
Billing: Flat fee.
Officers: Donald Sandin, president; Robert Baldino, vp.
Contact: Donald Sandin.

Sobel & Raciti Associates

1 Richmond Square, Providence, R.I. 02906; 401-274-6460

Staff

Salaried employees....7
Includes: 4 psychologists, 3 social workers
Designations held: 3 MSWs, 4 Ph.D.s
Contracted professionals....NA
Includes: 3 psychiatrists, 15 psychologists, 5 social workers

EAP clients

Total....20
Lives covered at year-end 1993....43,000
Employees....23,000
Dependents....20,000

Mental health network clients

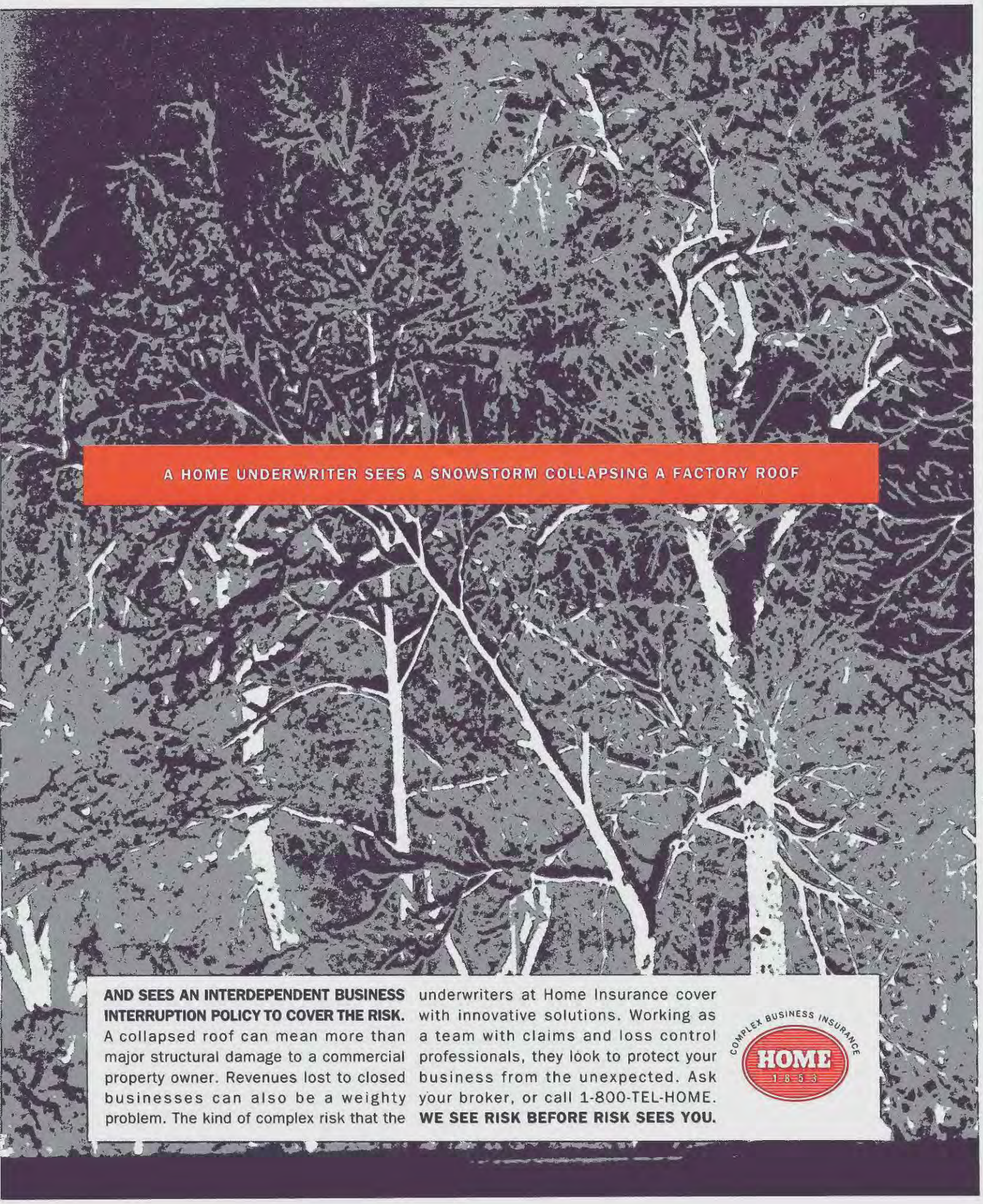
Total....1
Lives covered at year-end 1993....1,085
Employees....685
Dependents....400

1993 revenues

EAP services....70%
Managed mental health care services....10%

Services began: 1986.
For profit.
Assessments & treatments: Stress, occupational problems, family/marital problems, suicide, alcohol abuse, drug/chemical abuse.
Health promotion: Smoking cessation, stress management, alcohol awareness, drug/chemical awareness, elder care.
Educational/general services: Standard services, including psychiatric workers comp review.
Utilization review: Inpatient precertification, outpatient precertification, case management.
Counseling sites: Selected worksites,

Continued on page 37



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- DISABILITY MANAGEMENT
- Luncheon for Speakers and Attendees
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  - ➤ Handling carpal tunnel syndrome cases
  - ➤ Loss prevention case study
- Q&A ON CASE STUDIES
- FINANCING ALTERNATIVES FOR WORKERS COMPENSATION: HOW TO EVALUATE AND DECIDE WHICH FINANCING METHOD IS RIGHT FOR YOUR COMPANY
- RECEPTION

FRIDAY, OCTOBER 21, 1994

- HOW TO DEAL WITH CONTESTED CLAIMS
- ESTABLISHING AND MANAGING THE CLAIMS AUDIT PROCESS
- LUNCHEON SPEAKER
- APPLYING TOTAL QUALITY MANAGEMENT TO WORKERS COMPENSATION: UTILIZING BENCHMARKING TO STREAMLINE THE WORKERS COMPENSATION PROCESS
  - ➤ How to identify which areas to benchmark
  - ➤ How to make comparisons: Identifying companies with similar risk profile and case management practices
  - ➤ Treatment of data

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BIA5

Reform's poor mentality

Mental health shortchanged in discussions of health care

By Keith Dixon

THERE IS AN ADAGE about psychotherapists: If you asked a group of them to form a firing squad, they would get into a circle.

There are now 37 mental health lobbying groups in Washington taking aim at the mental health portion of whatever health care reform plan emerges from Congress. The circle is forming.

The National Alliance for the Mentally Ill wants the national health care plan to focus on treating "serious" mental illness: schizophrenia, manic-depressive disorder, depression and anxiety disorders. NAMI has many allies, including groups that represent those who treat serious mental illness—psychiatrists and psychiatric hospitals. NAMI also has a very compelling story about the needs of its constituents. When push comes to shove—as it surely will when the costs of a national health care plan are finally identified—NAMI would be willing to support coverage of these disorders at the expense of more expanded benefits that would cover, for lack of a precise definition, the problems of the "worried well."

Discussions with NAMI should involve the value of covering preventive mental health care services rendered to the worried well, many of whom are at risk of developing more serious mental illnesses that will cost more in the long run. This risk could be reduced by free and early access to an employee assistance program. We should be discussing EAPs in national health care reform, but so far, we haven't.

A key reason is that advocates of preventive mental health care are disorganized and distracted by the endless debate of "psychiatrist vs. psychologist." Prevention advocates also are said to lack hard data on what interventions prevent mental illness or block its most serious manifestations. Is an ounce of prevention worth a pound of treatment in a national mental health plan? Can we afford one at the exclusion of the other?

Another volley in the mental health circle regards the correct approach to treating alcoholism and drug abuse. Chemical dependency is a major health problem, arguably the nation's single biggest health problem. While also haunted by tough choices on the relative merits of a prevention vs. treatment emphasis, some advocates of a chemical dependency benefit fear its linkage with benefits covering the "mentally ill" and the implied amalgamation of alcohol and drug abuse services with the psychiatric treatment establishment.

Advocates of a distinct, stand-alone chemical dependency treatment benefit are suspicious of psychiatry's propensity to view drug abuse as a manifestation of an underlying illness rather than as a primary illness in its own right. It is true that advances in chemical dependency treatment have come from those working outside traditional mental health disciplines. But, as a friend of mine who counsels drug abusers told me recently, he rarely sees a straightforward "garden-variety alcoholic" anymore.

Another acquaintance who runs a county mental health department told me that 80% of those being treated in his system for serious psychiatric illness heavily abuse alcohol and other drugs. Chemical dependency and mental illness defy easy categorizations. Can we afford to approach them in a fragmentary manner by drafting a national health plan that structurally does so?

It might surprise many that mental health care is now an "industry," consisting of investor-owned psychiatric hospital chains, day treatment centers, residential care facilities, management contracts for psychiatric units within general hospitals and, soon, hospital-physician joint venture companies.

In the 1980s, the industry's entrepreneurs owned private psychiatric hospitals that exploited an unmanaged indemnity insurance system providing rich benefits for inpatient care and an American public prone to medicalize all stress and personal unhappiness. Today, the entrepreneurs are in managed care companies, some of which exploit the fear of the mental health care explosion associated with the marketing tactics of private treatment providers in the '80s.

It remains to be seen if the scandals that have tainted the private psychiatric hospital sector of this industry in the 1980s will repeat themselves in the new sector of managed care companies in the 1990s. Regardless, it might seem peculiarly disquieting to an outsider but perhaps entirely American to note that personal fortunes and a highly lucrative industry have grown up around the treatment—and now management—of some of the most disturbing and intimate human problems in our population. These problems by their very nature often render the consumers of care and their families incapable of making rational choices for an appropriate course of treatment.

This is not lost on public mental health program directors, who charge that they have been left to treat those without resources to purchase care in the private sector and have in many instances received patients who have been summarily "dumped" from the private sector after their insurance has run out.

These patients tend to be the difficult cases, and the cost of treating them is high.

It burns public mental health directors when they hear New Democrat-style discussions of "privatization" of public mental health programs as an answer to these programs' runaway costs and alleged inefficiencies. Health care proposals that purport to merge private and public mental health care into a single integrated system of care sound wonderful but will encounter a bifurcated system of care whose constituent components—private and public—operate in worlds apart and are often uneasy, if not hostile, in each other's presence.

It was an inspiring and unifying moment when President Clinton announced coverage for mental illness and alcohol/drug treatment when he unveiled his health reform plan before Congress last fall. Then the details hit. Unlike coverage for general medical care, the mental health plans President Clinton has proposed place arbitrary limits on days of hospitalization and outpatient treatment. The rationale for the limits is to control costs, recognizing that "parity" between mental and physical health benefits was unachievable until at least the end of the decade, given the fragmentation (and perhaps greed) of the mental health care provider industry and the absence in many parts of the country of managed care plans designed specifically to control the costs and quality of this kind of treatment.

Many were disappointed, sensing yet another example of discriminatory policies against the mentally ill. On top of that, the Health Care Financing Administration predicted the president's mental health plan, limits and all, would cost the country more than $240 per American per year. Can the nation afford this figure? Probably not. So groups like the National Assn. of Manufacturers have suggested that the mental health benefit be eliminated. This suggestion is ironic given that many of this trade group's most prominent member companies have been at the forefront of expanding mental health coverage. They have done so because they correctly recognize the importance of mental health treatment to sustain employee productivity. And they have done this while at the same time controlling the costs of treatment at levels far below HCFA estimates.

Mary Jane England, a psychiatrist who is president of the Washington Business Group on Health and president-elect of the American Psychiatric Assn., wears a button that says, "It's the Delivery System, Stupid." Outside of California, Minneapolis and a few other places, this just hasn't sunk in. I hope in Congress it will. But it is troubling indeed when Sen. Daniel Patrick Moynihan says we have an *insurance* crisis, not a health care crisis.

And, Hillary Rodham Clinton recently told HMOs in California—the country's most advanced managed care delivery system market and one that is effectively regulated by the state in the interests of consumer protection—that they would look more like traditional insurance products. Why? To make them more expensive? To allow the distressed and mentally ill to freely choose providers recommended by their relatives, co-workers, hairdresser, minister, Yellow Pages or favorite talk show host?

Should we be telling the nation that our plan is to allow the mentally ill to go anywhere they want for treatment? Should we then tell the taxpayers that the cost will be controlled by benefit plan tinkering, tightly woven legalistic descriptions of what's covered and what isn't and, sadly, when all else fails (as it will in this scheme), price controls?

Actuarial firm Milliman & Robertson recently completed a cost study of mental health treatment in 15 of the nation's largest managed mental health care companies. These companies cover 65 million Americans in the private sector. The results show that if the mental health portion of the president's health reform proposal were managed by these companies, the cost could be as low as $87 per American per year—perhaps $100 to $150 per covered American per year (or $25 billion to $37 billion) less than HCFA's estimate. This is affordable.

However, these cost results were achieved by highly selective provider contracting, aggressive early intervention efforts undertaken though employee assistance programs, the widespread use of case managers who deliberately control patient referrals to network treatment providers, rigorous utilization review and, in several cases, shifting financial risk through capitation payments to regionally organized systems of mental health treatment. This is a far cry from insurance reform.

Some of us who run the companies in Milliman & Robertson's study think we can do even better, and we challenge the Clinton administration and Congress to establish parity between mental and physical health benefits. Parity can only be accomplished by the creation of a regulated market environment—similar to what's been done in California through the Knox-Keene Act—that is conducive to responsible managed care development and consumer protection.

Managed care companies in this field can also play a constructive role in helping to unify the discordant voices in mental health and chemical dependency treatment, beginning with investment in clinical outcomes research within our plans that will tell us what therapies work with what types of patients. We need to stay in the circle but put down our guns.

The markets that any health reform bill creates (I hope it creates markets, not bureaucracies) should reward those managed care companies that select and organize treatment providers who get good outcomes at the least possible cost. This entails preserving the freedoms markets allow for managed care companies to reward and work with providers innovatively, and the freedom to bar the door to the barbarians and the few professionally licensed bad apples who have for too long squandered for personal gain what has become a scarce and critical national resource: quality mental health care. BI

Keith Dixon is chief executive officer of Vista Health Plans, a San Diego-based health maintenance organization specializing in behavioral health care.

In the dark

ADA's application to mental disabilities still unclear

By Dennis Lindsey

YOU'RE FACED with the following situations. Do you know how to handle them, or what could lead to a discrimination lawsuit under the Americans with Disabilities Act?

- A secretary going through a divorce has been diagnosed as depressed by her doctor. Is it reasonable for her to ask to work part-time?
- A highly placed manager has an automobile accident and is left with permanent memory loss and emotional instability. Can he be denied the promotion he applied for before the accident?
- An employee diagnosed as having an avoidant personality disorder—who by definition is easily hurt by criticism or disapproval—requests a change in his supervisor's behavior. Does the supervisor need to accommodate the request?

If your answers to all of the above were "I don't know," join the crowd. Most employers are familiar with the ADA's requirement to provide "reasonable accommodation" for any employee with a physical disability, but many are in the dark when it comes to accommodating employees with mental disabilities—even though they are also covered under the ADA.

In the first year of the ADA, 10% of the lawsuits filed were for mental discrimination. As of July 1994, the provisions of the ADA will apply to all U.S. companies with more than 15 employees, making employers more responsible for controlling workplace stress than ever before.

Most companies would have no difficulty providing a written description for each job in the company, but not very many have thought about what the ADA refers to as the "essential psychological work functions" of each job. But, the fact is employers will have to do exactly that under this legislation. If they aren't prepared, they will have no way of determining what is a "reasonable accommodation" on their part and what constitutes undue hardship. With the possibility of lawsuits for discrimination, that ignorance could prove to be very expensive.

The new scope of the ADA is one more example of a national trend to make employers responsible for the psychological—as well as the physical—safety in the workplace. Liability for sexual and other types of harassment, increased incidence of workplace violence, the growing volume of workers compensation claims for mental/physical injuries and recognition of the psychological aspects of cumulative trauma disorders are all aspects of this trend.

A new approach to workplace safety called "cognitive ergonomics" has developed in response to the need to monitor, measure and modify psychological health in the workplace. Applying the principles of ergonomics to the "cognitive," or mental, aspects of job function, this new discipline offers employers two benefits: preventive action to safeguard against potential legal liability and, on the active side, enhancement of productivity by creating a more harmonious work environment.

What can your company's human resources manager do to make sure that your organization is meeting its responsibilities under the ADA and attending to the psychological health of your organization?

- Use a proven assessment process to gather defensible baseline data on the workplace. Benefit utilization analysis, confidential opinion surveys, telephone hot lines, focus groups and testing can all provide an information systems basis for making rational and timely decisions.

A caution: Any type of testing must be done judiciously. Pre-employment assessments are severely restricted under the ADA. Expert and legal advice is recommended before any kind of tests are given to your employees.

- Identify the behavioral/psychological aspects of work functions and define those components that are inherently stressful.
- Analyze employee behaviors and interactions that place the employer at risk.
- Develop individual or group training sessions to remedy inconsistent management or labor communications.
- Provide statistical data on employee perceptions of stress on the job.
- Establish preventive interviewing and hiring practices.
- And offer reasonable accommodation recommendations and monitoring systems.

Going back to our original examples, what should you be prepared to do?

The secretary going through the divorce probably qualifies as a person with a temporary disability and can request reasonable accommodations, which may include part-time duties or a change to a less stressful work situation. The manager with memory loss can expect his promotion as long as his impairment does not interfere with performance of the new job functions. And, the sensitive employee can request changes in the supervisor's behavior.

Because the ADA's scope has yet to be tested in court, all of these situations would ultimately be determined by case law. However, employers that document essential job functions and make good faith efforts to offer reasonable accommodations should be in a strong position to justify their actions.

It's unfortunate, but lawyers are predicting a rise in discrimination cases, which previously might have been pursued as workers compensation stress claims. It is vital that employers prepare now. If they do, they have nothing to fear. BI

Dennis Lindsey, Ph.D., is a licensed psychologist and president of Cognitive Ergonomic Systems Inc., an Anaheim, Calif.-based company that helps businesses implement preventive programs aimed at avoiding psychological stress in the workplace. Mr. Lindsey is an expert in workers comp stress claims.

Exclusion does not bar punitive damages

Legal Briefs

An umbrella/excess liability insurance policy, which excluded "fines and penalties" from the definition of "damages," did not exclude punitive damages in wrongful death actions against a policyholder, the Supreme Court of North Carolina ruled.

Collins & Aikman Corp. was a wholly owned subsidiary of Wickes Co. Inc. Wickes hired an insurance broker to procure an insurance policy for C&A. The broker negotiated with Hartford Accident & Indemnity Co. and procured an umbrella/excess liability policy. The policy provided for $5 million of insurance coverage excess of a $2 million primary policy issued by Aetna Casualty & Surety Co.

In February 1988, one of C&A's trucks was involved in an accident in North Carolina in which two people were killed. In a wrongful death action arising from the accident, a jury awarded $2.5 million in compensatory damages and $4 million in punitive damages against C&A. The parties settled the case for $4.2 million. Hartford denied that it was liable for any punitive damages. This suit was then brought for a determination of the rights and liabilities of the parties. The trial court ruled for Hartford. However, the appellate court found for C&A.

On appeal, Hartford argued that the policy did not cover losses by C&A for punitive damages. According to Hartford, the policy provided coverage for "bodily injury" and punitive damages in this case were not awarded for any of the injuries.

But, the court said that if compensatory damages for bodily injury had not been recoverable by the personal representative of the two estates in this case, the plaintiff could not have recovered punitive damages. "Punitive damages were recovered because of the recovery for bodily injuries to the deceased persons," the court said. Thus, the court ruled this recovery was covered by the policy.

Collins & Aikman vs. Hartford Accident & Indemnity, Supreme Court of North Carolina; Nov. 5, 1993 (*BI*/03/A.-$10).

No explanation

An administrator of an ERISA health plan did not breach its fiduciary duty to a plan participant by amending the plan to include a subrogation clause and then failing to explain to participants what subrogation meant, the 6th U.S. Circuit Court of Appeals has ruled.

Douglas L. Ogan had worked at Line Power Manufacturing Co. for 17 years. He participated in the employer's employee health benefit plan, which covered both employees and their dependents. It was undisputed that the plan was governed by ERISA.

In 1988, Line Power created a new, self-funded employee benefit plan that included a subrogation clause. In 1992, the plan was further amended to clarify the language of the subrogation clause.

In July 1986, Nathan Ogan was born with severe neurological damage that resulted in serious and permanent disability. His medical expenses were covered by Line Power's benefit plan.

In 1987, the Ogans filed a medical malpractice suit against certain medical professionals involved with his birth. That suit was settled for $1.1 million divided as follows: $200,000 to the Ogans; $321,789 for attorneys fees and costs; and $578,210 for the benefit of Nathan.

The plan administrator notified the Ogans that, under the subrogation provision, they were required to reimburse the plan for the medical expenses that the plan had paid on Nathan's behalf. The Ogans refused to comply. The administrator sued and won in trial court.

On appeal, the Ogans argued that the plan administrator should not be able to rely upon the subrogation clause to collect funds from their settlement because it breached its fiduciary duty to explain the meaning and significance of that provision.

The court ruled that "absent a specific employee-initiated inquiry, however, a fiduciary is not obligated to seek out employees to ensure that they understand the plan's provisions as described in the explanatory booklet." The trial court decision was affirmed.

Electro-Mechanical Corp. vs. Ogan, 6th U.S. Circuit Court of Appeals; Nov. 3, 1993 (*BI*/04/My.-$10).

These abstracts were prepared by Mayo H. Stiegler. Copies of these decisions are available by sending a $10 check payable to Mayo H. Stiegler to Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. Please list the number for each opinion.

Continued from page 33

EAP/mental health care facilities, phone counseling.

Specialties: High tech and financial industries.

Service area: Connecticut, Massachusetts, New Hampshire, Rhode Island.

Reporting: Quarterly.

Billing: Capitated fee.

Officers: Harry J. Sobel, president; Michael A. Raciti, vp.

Southeastern Employee Assistance Services

305 W. Fifth St., Rome, Ga. 30165-2818; 706-232-1111 or 800-848-1243; fax: 706-232-4301

Staff

Salaried employees	3
Includes: 1 marriage/family/child counselor, 2 professional/mental health counselors	
Designations held: 1 CEAP	
Contracted professionals	4
Includes: 2 psychiatrists, 1 psychologist, 1 social worker	
Designations held: 1 MSW, 2 MDs, 1 Ph.D.	

EAP clients

Total	28
Lives covered at year-end 1993	44,000
Employees	11,000
Dependents	33,000

Services began: 1981.

For profit.

Assessments & treatments: Standard services, including services for post traumatic stress and eating disorders.

Health promotion: Smoking cessation, stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care, critical incident stress debriefing, wellness program.

Education/general services: Standard services.

Counseling sites: Selected worksites, EAP facilities, phone counseling.

Service area: Northwest Georgia.

Reporting: Monthly, quarterly, annually.

Billing: Flat fee, capitated fee, fee for service.

Officers: Mary Ann Watson, president; Lee Watson, vp.

Contact: Mary Ann Watson.

StayWell Health Management Systems Inc.

1340 Mendota Heights Road, St. Paul, Minn. 55120; 612-454-3577; fax: 612-454-4062

Staff

Salaried employees	104
Includes: 1 psychologist, 23 social workers, 64 professional/mental health counselors	
Contracted professionals	500

Facilities

Total	6,000

EAP clients

Total	102
Lives covered at year-end 1993	350,000
Employees	100,000
Dependents	250,000

Services began: 1978.

For profit.

Assessments & treatments: Standard services.

Health promotion: Smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug/chemical awareness, elder care, physical fitness/exercise, back care.

Educational/general services: Standard services.

Utilization review: Standard services, including bill review and fee negotiation.

Counseling sites: All worksites, EAP facilities, phone counseling.

Specialties: Companies with dispersed populations.

Service area: United States, Canada.

Reporting: Quarterly.

Billing: Flat fee, capitated fee, fee for service.

Officers: G.L. Anderson, president; David Anderson, John Tarbuck, vps.

Contact: John Tarbuck.

U

United Charities Employee Assistance Network

14 E. Jackson, 15th Floor, Chicago, Ill. 60604; 312-663-5600; fax: 312-461-0104

Staff

Salaried employees	10
Includes: 5 social workers, 1 professional/mental health counselor	
Designations held: 5 MSWs, 3 CACs	

EAP clients

Total	37
Lives covered at year-end 1993	NA
Employees	14,000

1993 revenues

Total	$350,000
EAP services	95%
Managed mental health care services	5%

Services began: 1979.

Parent: United Charities.

Not for profit.

Assessments & treatments: Standard services.

Health promotion: Stress management, alcohol awareness, drug/chemical awareness, elder care.

Educational/general services: Standard services.

Utilization review: Standard services.

Counseling sites: All worksites, EAP/mental health care facilities, phone counseling.

Specialties: Small and medium-sized businesses, non-profits.

Service area: Illinois: Cook, DuPage and Lake counties.

Reporting: Quarterly.

Billing: Capitated fee, fee for service.

Officers: Ivy Spataro, regional manager; Alan Wertheimer, program director.

Contact: Ivy Spataro.

V

Veterans Memorial Medical Center (East Campus)

883 Paddock Ave., Meriden, Conn. 06450; 203-630-5358; fax: 203-634-7696

Staff

Salaried employees	1
Includes: 1 professional/mental health counselor	
Designations held: 1 CEAP, 1 CAC	
Contracted professionals	6
Includes: 1 psychiatrist, 1 psychologist, 1 social worker, 3 professional/mental health counselors	
Designations held: 1 MSW, 1 CAC, 1 MD, 1 Ph.D.	

EAP Clients

Total	21
Lives covered at year-end 1993	NA
Employees	7,379

Services began: 1980.

Not for profit.

Assessments & treatments: Standard services, including care for critical incident stress.

Health promotion: Smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug/chemical awareness, health risk appraisals.

Educational/general services: Standard services.

Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices.

Specialties: Health care organizations.

Service area: Connecticut.

Reporting: Quarterly.

Billing: Flat fee, fee for service.

Contact: George (Bud) Wassell, director-EAP.

Continued on next page

Standard assessments and treatments include stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns and adolescent treatment.

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Directory of managed mental health care networks

A

AccessCare Inc.

2203 N. Lois Ave., Suite 2203, Tampa, Fla. 33624; 813-876-5036; fax: 813-872-8666

Staff

Salaried employees 45
Includes: 1 psychiatrist, 2 social workers
Designations held: 2 MSWs, 1 MD, 6 RNs
Contracted professionals 7
Includes: 6 psychiatrists, 1 psychologist
Designations held: 6 MDs, 1 Ph.D.

Facilities

Total 300

EAP clients

Total 28
Lives covered at year-end 1993 18,830

Mental health network clients

Total 8
Lives covered at year-end 1993 2,393,730

Services began: 1969.
Parent: Comprehensive Care Corp.
For profit.

Assessments & treatments: Standard services.
Health promotion: Standard services, excluding nutrition/weight control.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: All worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Specialties: HMOs, PPOs, insurer and employer groups.
Service area: Nationwide.
Reporting: Monthly, quarterly.
Billing: Flat fee, capitated fee, fee for service.
Officers: Chriss Street, CEO; David Sherwin, COO; Gary Pallenik, senior vp-sales/marketing; Dr. Sam Toney, medical director.
Contact: Corie Tregoe or Susan Lawton, marketing coordinators.

ACORN Behavioral Healthcare Management Corp.

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

Staff

Salaried employees 45
Includes: 3 psychologists, 3 social workers
Designations held: 1 CEAP, 3 MSWs, 2 RNs, 3 Ph.D.s
Contracted professionals 3,300
Includes: 327 psychiatrists, 1,754 psychologists, 919 social workers, 123 marriage/family/child counselors, 177 professional/mental health counselors
Designations held: 919 MSWs, 319 MDs, 24 RNs, 1,490 Ph.D.s

Facilities

Total 700

EAP clients

Total 240
Lives covered at year-end 1993 700,000
Employees 260,000
Dependents 440,000

Mental health network clients

Total 240
Lives covered at year-end 1993 700,000
Employees 260,000
Dependents 440,000

1993 revenues

Total $5,600,000

Services began: 1975.
For profit.
Assessments & treatments: Standard services, excluding problems related to financial concerns.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices.
Specialties: Self-insured, ERISA plans.
Service area: Nationwide, Puerto Rico, Virgin Islands.
Reporting: Monthly, annually.
Billing: Capitated fee.
Officers: Mel Goldsmith, president/CEO; Mel Wondolowski, senior vp-corporate relations; Dorothy Harrison, senior vp-clinical operations; Arlette McGlade, vp-management information systems.
Contact: Mel Wondolowski.

The Get-Well Network.

THE MULTIPLAN NETWORK IS MORE than our 10,000 health care facilities nationwide – it is the tens of thousands of people who work with us in those facilities to keep health costs reasonable for the more than 10 million people who rely on us. As one of the largest Preferred Provider Organizations in the nation, and the fastest-growing, we offer our clients discounts at:

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- psychiatric and alcoholism and substance abuse treatment facilities
- home health care providers
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Additional savings are available through our MultiPlan Managed Care Inc. subsidiary, which provides a full range of managed care options.

Our hundreds of clients include insurance companies, corporate benefit plans, third-party administrators, and labor-management and government benefit plans.

We have more experience helping our clients save money at health care facilities than anybody else. We've been at it for more than two decades, and *it's our only business.*

For information on how The Get-Well Network℠ can become *your* network, please call Edward Rothstein or Ron Katz at 800 677-1098 or write to MultiPlan Inc., 115 Fifth Avenue, New York, NY 10003.

MultiPlan
Savings Nationwide

Acurcare Group L.L.P.

420 Decker Drive, Suite 191, Irving, Texas 75062; 214-650-0838; fax: 214-650-1323

Staff

Salaried employees 8
Includes: 3 marriage/family/child counselors, 2 professional/mental health counselors
Designations held: 1 CEAP, 3 MSWs, 1 CAC, 1 RN
Contracted professionals 670
Includes: 115 psychiatrists, 137 psychologists, 418 social workers

EAP clients

Total 40
Lives covered at year-end 1993 100,000

Mental health network clients

Total 20
Lives covered at year-end 1993 50,000

Services began: 1991.
For profit.
Assessments & treatments: Standard services, including problems related to consumer issues.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care.
Educational/general services: Standard services, including psychiatric workers comp review.
Utilization review: Standard services, including co-certification.
Counseling sites: All worksites, EAP/mental health care facilities, phone counseling, selected PPO.
Service area: Nationwide.
Reporting: On request.
Billing: Capitated fee.
Officers: Marilyn J. Gerald, CEO; Tommy Eubanks, managing partner.
Contact: Marilyn J. Gerald, CEO.

The Allen Group

2965 W. State Road 434, Suite 100, Longwood, Fla. 32779; 800-272-7252; fax: 407-862-1477

Staff

Salaried employees 25
Includes: 1 psychiatrist
Designations held: 3 CEAPs, 3 MSWs, 2 CACs, 1 MD, 1 RN, 2 Ph.D.s
Contracted professionals 550
Includes: 47 psychiatrists, 56 psychologists, 131 social workers, 157 marriage/family/child counselors, 159 professional/mental health counselors
Designations held: 36 CEAPs, 151 MSWs, 53 CACs, 47 MDs, 31 RNs, 179 Ph.D.s

Facilities

Total 200

EAP clients

Lives covered at year-end 1993 750,000
Employees 250,000
Dependents 500,000

Mental health network clients

Lives covered at year-end 1993 180,000
Employees 60,000
Dependents 120,000

Services began: 1979.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.

Continued on next page

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Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.
Specialties: Aerospace, public sector employers, educational institutions, retail sales.
Service area: Nationwide.
Reporting: Quarterly, annually.
Billing: Capitated fee.
Officers: John Allen, president; Linda Allen, Barbara Elices, vps; Bob Hinds, vp-operations.
Contact: Bob Hinds.

B

Behavioral Health Systems Inc.

2 Metroplex Drive, Suite 503, Birmingham, Ala. 35209; 205-879-1150; fax: 205-879-1178

Staff

Salaried employees 13.4
Includes: 0.4 psychiatrists, 1 psychologist, 3 social workers/marriage-family-child/professional/mental health counselors
Designations held: 1 CEAP, 1 MSW, 0.4 MDs, 1 Ph.D.
Contracted professionals 1,600
Includes: 200 psychiatrists, 800 psychologists, 600 social workers/marriage-family-child/professional/mental health counselors
Designations held: 600 MSWs, 200 MDs, 800 Ph.D.s

Facilities

Total 400

EAP clients

Total 5
Lives covered at year-end 1993 6,520
Employees 2,692
Dependents 3,828

Mental health network clients

Total 25
Lives covered at year-end 1993 55,428
Employees 21,318
Dependents 34,110

1993 revenues

EAP services 2%
Managed mental health care services 98%

Services began: 1989.
For profit.
Assessments & treatments: Standard services, including drug testing, screening and diagnostic services.
Health promotion: Smoking cessation, stress management, alcohol awareness, drug/chemical awareness.
Educational/general services: Standard services, including psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: All worksites, EAP/mental health care facilities, physicians' offices, hospitals.
Specialties: Self-funded private employers.
Service area: Alabama, Arkansas, California, Delaware, Florida, Georgia, Indiana, Kentucky, Louisiana, Maine, Mississippi, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, West Virginia.
Reporting: Quarterly, annually, on request.
Billing: Fee for service, shared capitation.
Officers: Deborah L. Stephens, president/CEO; Jerry Lovett, chairperson; John Watson, vice chairperson; W.F. Warren, secretary/treasurer.
Contact: Deborah L. Stephens.

Behavioral Health Systems Inc.

485 S. Frontage Road, Suite 305, Burr Ridge, Ill. 60521; 708-655-4440; fax: 708-655-4558

Staff

Salaried employees 19
Includes: 14 psychiatrists
Designations held: 14 MDs, 2 RNs
Contracted professionals 262
Includes: 90 psychiatrists, 69 psychologists, 103 social workers
Designations held: 103 MSWs, 90 MDs, 69 Ph.D.s

Facilities

Total 32

Mental health network clients

Total 12
Lives covered at year-end 1993 ..... NA
Employees 60,000

1993 revenues

Managed mental health care services 100%

Services began: 1985.
For profit.
Assessments & treatments: Standard services, excluding problems related to financial and legal concerns.
Health promotion: Alcohol awareness, drug/chemical awareness.
Educational/general services: Employee education, supervisor training, drug-free workplace adherence.
Utilization review: Standard services, including physician reviews of all care.
Counseling sites: Mental health care facilities, physicians' offices.
Specialties: Self-funded employer groups, health care facilities, HMOs/PPOs, religious organizations.
Service area: Illinois: Boone, Christian, Cook, DuPage, Grundy, Kane, Kankakee, Lake, LaSalle, Livingston, Logan, Macon, McHenry, McLean, Montgomery, Peoria, Sangamon, Will and Winnebago counties; Indiana: Jasper, Lake, LaPorte, Newton and Porter counties.
Reporting: Monthly, quarterly, annually, on request.
Billing: Capitated fee.
Officers: Edward (Ted) W. Hatch, president/CEO; Dr. Anthony M. D'Agostino, chairman/medical director; Dr. Cullen R Schwemer, vp; Dr. Harold F. McGrath, secretary/treasurer.
Contact: Robert L. Rogers, director-operations/client marketing.
EAP services are not available.

Behavioral Healthcare Options Inc.

2801 S. Valley View, Suite 6, P.O. Box 15645, Las Vegas, Nev. 89114-5645; 702-364-1484; fax: 702-364-0843

Staff

Salaried employees 30
Includes: 4 psychiatrists, 1 psychologist, 5 social workers, 2 marriage/family/child counselors, 5 physicians
Designations held: 5 MSWs, 2 CACs, 5 MDs, 3 RNs, 1 Ph.D.
Contracted professionals 250
Includes: 40 psychiatrists, 20 psychologists, 70 social workers, 60 marriage/family/child counselors, 60 physicians
Designations held: 5 CEAPs, 70 MSWs, 10 CACs, 60 MDs, 10 RNs, 20 Ph.D.s

Facilities

Total 50

EAP clients

Total 2
Lives covered at year-end 1993 6,200
Employees 3,000
Dependents 3,200

Mental health network clients

Total 6
Lives covered at year-end 1993 220,000
Employees 100,000
Dependents 120,000

1993 revenues

EAP services 1%
Managed mental health care services 99%

Services began: 1991.
Parent: Sierra Health Services Inc.
For profit.
Assessments & treatments: Standard services, including problems related to care giver issues and communication problems.
Health promotion: Standard services.
Educational/general services: Employee education, supervisor training, workplace problem identification.
Utilization review: Standard services.
Counseling sites: EAP/mental health

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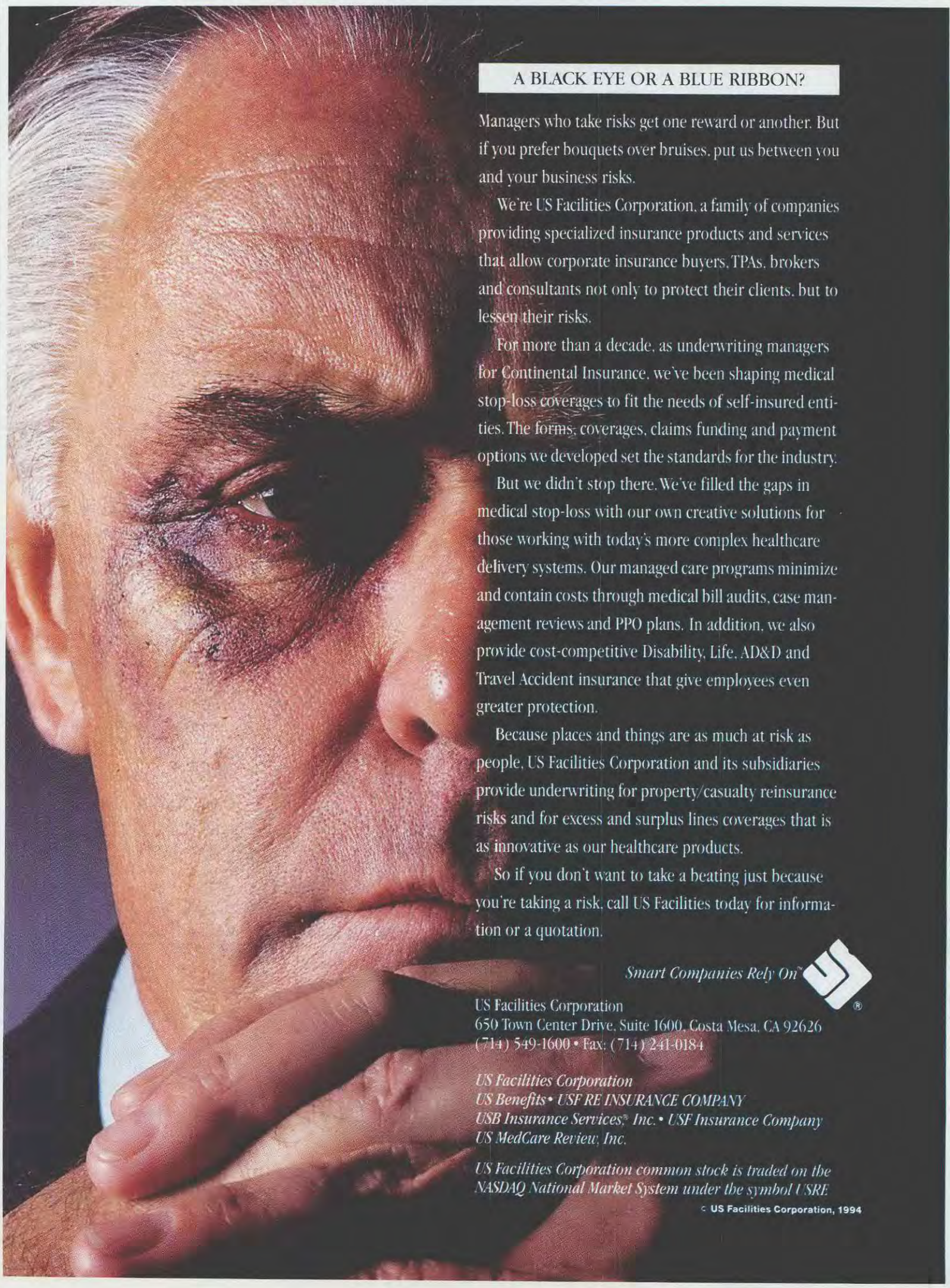

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care facilities, on-site training.

Service area: Nationwide.

Reporting: Quarterly, annually.

Billing: Capitated fee, $1.50-$3.00 per employee per month.

Officers: Mike Adams, COO; Lynn Rosenback, director-business development.

Contact: Lynn Rosenbach.

Bethesda CONCERN: EAP/Managed Care Services

8280 Montgomery Road, Cincinnati, Ohio 45236; 800-642-9794; fax: 513-891-4263

Staff

Salaried employees....71
Includes: 1 psychiatrist, 1 psychologist, 21 social workers, 9 marriage/family/child counselors, 12 professional/mental health counselors
Designations held: 12 CEAPs, 26 MSWs, 6 CACs, 1 MD, 3 RNs, 1 Ph.D.
Contracted professionals....2,950
Includes: 1 psychiatrist

Facilities

Total....750

EAP clients

Total....152
Lives covered at year-end 1993....396,587
Employees....113,774
Dependents....282,813

Mental health network clients

Total....3
Lives covered at year-end 1993....58,413
Employees....16,226
Dependents....42,187

1993 revenues

Total....$3,012,193
EAP services....71.8%
Managed mental health care services....28.2%

Services began: 1984.

Parent: Bethesda Healthcare Inc.

Not for profit.

Assessments & treatments: Standard services.

Health promotion: Standard services, excluding nutrition/weight control.

Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review, critical incident intervention.

Utilization review: Standard services.

Counseling sites: Selected worksites, EAP/mental health care facilities.

Service area: United States, Bermuda, Canada, Puerto Rico.

Billing: Capitated fee, fee for service.

Officers: Dan Ansel, vp-behavioral health; Mark Self, director-operations; Lois Jones, manager-CONCERN counseling services; Mary Monfils, national program supervisor.

Contact: Jim Mueller, corporate coordinator.

Birmingham Psychiatry P.A.

3490 Independence Drive, Birmingham, Ala. 35209; 205-879-7953; fax: 205-870-7987

Staff

Salaried employees....31
Includes: 8 psychiatrists, 12 psychologists, 3 social workers, 2 marriage/family/child counselors, 2 professional/mental health counselors
Designations held: 1 CEAP, 3 MSWs, 3 MDs, 12 Ph.D.s

Facilities

Total....7

EAP clients

Total....10
Lives covered at year-end 1993....10,000
Employees....3,500
Dependents....6,500

Mental health network clients

Total....4
Lives covered at year-end 1993....10,000
Employees....3,500
Dependents....6,500

Services began: 1974.

For profit.

Assessments & treatments: Standard services.

Health promotion: Standard services, excluding elder care.

Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.

Utilization review: Standard services.

Counseling sites: All worksites, EAP/mental health care facilities, physicians' offices, hosp:tals.

Service area: Alabama.

Reporting: Monthly.

Officers: H.E. Logue, president; James M. Lee, vp.

Bradman/Unipsych Cos.

7951 S.W. 6th St., Suite 100, Plantation, Fla. 33324; 305-474-8727; fax: 305-474-1351

Staff

Salaried employees....25
Contracted professionals....150

Facilities

Total....50

Mental health network clients

Total....15

Services began: 1986.

For profit.

Assessments & treatments: Standard services, excluding problems related to legal and financial concerns.

Health promotion: Standard services.

Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.

Utilization review: Standard services.

Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices.

Service area: Florida.

Reporting: Quarterly.

Billing: Capitated fee, fee for service.

Officers: Dr. Leo Bradman, chairman; Ronald Harshman, president/CEO; Dr. Ernest Cohen, psychiatric director; James Kaplan, finance director; Anke Stimpson, clinical services manager.

Contact: Dr. Leo Bradman.

C

California Psychological Health Plan

5750 Wilshire Blvd., Suite 490, Los Angeles, Calif. 90036-3016; 800-331-3016; fax: 213-937-9688

Staff

Salaried employees....30
Includes: 2 psychiatrists, 4 psychologists, 3 social workers
Designations held: 1 CEAP, 3 MSWs, 2 MDs, 4 Ph.D.s
Contracted professionals....2,000
Includes: 300 psychiatrists, 1,000 psychologists, 320 social workers, 325 marriage/family/child counselors

Facilities

Total....170

1993 revenues

Total....$4,000,000
EAP services....10%
Managed mental health care services....90%

Services began: 1973.

Parent: Vista Hill Foundation.

Not for profit.

Assessments & treatments: Standard services.

Health promotion: Standard services, including physical fitness/exercise.

Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.

Utilization review: Standard services.

Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices, phone counseling.

Service area: Nationwide.

Reporting: Quarterly.

Billing: Capitated fee.

Officers: Keith Dixon, CEO; Dr. Peter Panzarino, medical director; Charlotte Moore, COO; Pamela Pile, director-marketing.

Contact: Pamela Pile.

Care Resources Inc.

9550 Warner Ave., Suite 228, Fountain Valley, Calif. 92708; 800-479-7721; fax: 714-964-2793

Staff

Salaried employees....8
Includes: 1 psychiatrist, 1 psychologist, 1 social worker, 1 marriage/family/child counselor, 1 professional/mental health counselor
Designations held: 3 CEAPs, 1 MSW, 1 MD, 1 RN, 1 Ph.D.
Contracted professionals*....12
*Includes**: 2 psychiatrists, 1 psychologist, 4 social workers, 3 marriage/family/child counselors, 2 professional/mental health counselors
Designations held: 2 CEAPs, 4 MSWs, 1 CAC, 2 MDs, 1 RN, 1 Ph.D.

Facilities

Total....118

EAP clients

Total....10

Mental health network clients

Total....7

1993 Revenues

EAP services....80%
Managed mental health care services....20%
** Contracted professionals figure does not include 700 multidisciplinary contracted treatment providers.*

Services began: 1987.

For profit.

Assessments & treatments: Standard services, including treatment for problems related to grief and loss.

Health promotion: Nutrition/weight control, stress management, alcohol awareness, drug/chemical awareness, elder care, physical fitness/exercise.

Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.

Utilization review: Standard services.

Counseling sites: Selected worksites, EAP/mental health care facilities, physicians'/professional offices, phone counseling.

Specialties: Public agencies, unions, self-funded groups, private employers.

Service area: Arizona, California, Nevada.

Reporting: Monthly, quarterly, annually, on request.

Billing: Capitated fee, fee for service.

Officers: M. Sue Lung, CEO; Dr. Stephen R. Harrison, president; Dr. George Karamigios, secretary; Dr. Morteza Morandi, treasurer; John Russell, vp.

Contact: David Pecoraro, 714-963-6994.

ComPsych Behavioral Health Corp.

515 N. State St., Suite 2310, Chicago, Ill. 60610; 312-245-2699; fax: 312-245-2767

Staff

Salaried employees....47
Includes: 3 psychiatrists, 6 psychologists, 8 social workers
Designations held: 1 CEAP, 8 MSWs, 2 CACs, 3 MDs, 8 Ph.D.s
Contracted professionals....1,860
Includes: 225 psychiatrists, 496 psychologists, 361 social workers, 302 marriage/family/child counselors, 280 professional/mental health counselors
Designations held: 75 CEAPs, 361 MSWs, 130 CACs, 225 MDs, 496 Ph.D.s

Facilities

Total....675

EAP clients

Total....247

Mental health network clients

Total....15

Services began: 1981.

For profit.

Assessments & treatments: Standard services, excluding problems related to legal or financial concerns.

Health promotion: Smoking cessation, stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care.

Educational/general services: Standard services.

Utilization review: Standard services.

Counseling sites: Selected worksites, clients' headquarters, EAP/mental health care facilities, physicians' offices, phone counseling.

Service area: North America, Puerto Rico.

Reporting: Quarterly.

Billing: Flat fee, capitated fee.

Officers: Dr. Richard A. Chaifetz, president/CEO; Michael B. Garfield, vp-sales; Jill Chaifetz, vp-finance; Paul Rand, director-strategic marketing/communication; Larry Freedman, general counsel.

CONTACT

1400 E. Southern, Suite 301, Tempe, Ariz. 85282; 602-730-3023; fax: 602-730-5528

Staff

Salaried employees....31
Includes: 2 psychiatrists, 9 psychologists, 7 social workers, 13 professional/mental health counselors
Designations held: 7 MSWs, 2 MDs, 9 Ph.D.s
Contracted professionals....200
Includes: 50 psychiatrists, 70 psychologists, 30 social workers, 50 professional/mental health counselors
Designations held: 30 MSWs, 50 MDs, 70 Ph.D.s

Facilities

Total....6

EAP clients

Total....100
Lives covered at year-end 1993....320,000
Employees....120,000
Dependents....200,000

Mental health network clients

Total....14
Lives covered at year-end 1993....200,000
Employees....80,000
Dependents....120,000

1993 revenues

Total....$3,891,509
EAP services....58%
Managed mental health care services....40%

Services began: 1972.

Parent: Samaritan Health System.

Not for profit.

Continued on next page

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Continued from previous page

Assessments & treatments: Standard services, excluding problems related to legal matters.
Health promotion: Standard services, excluding AIDS awareness services.
Educational/general services: Standard services.
Utilization review: Standard services.
Counseling sites: EAP/mental health care facilities, physicians' offices, phone counseling.
Service area: Arizona.
Reporting: Quarterly.
Billing: Capitated fee, fee for service.
Officers: Larry Frazier, CEO; Angela Williams, vp-administration; Glenn Tanita, clinical director; Dr. Lee Cohn, medical director; Ralyne Kampfer, director-customer service.
Contact: Ralyne Kampfer.

CorpCare Associates Inc.

6111 Peachtree Dunwoody Road, Building E, Suite 202, Atlanta, Ga. 30328; 404-396-5253 or 800-728-9444; fax: 404-396-0990

Staff

Salaried employees	2
Designations held: 1 CEAP	
Contracted professionals	25
Includes: 1 psychiatrist, 6 psychologists, 10 social workers, 5 marriage/family/child counselors, 3 professional/mental health counselors	
Designations held: 7 CEAPs, 10 MSWs, 4 CACs, 1 MD, 6 Ph.D.s	

EAP clients

Total	20
Lives covered at year-end 1993	23,000
Employees	9,000
Dependents	14,000

Mental health network clients

Total	3
Lives covered at year-end 1993	4,500
Employees	1,500
Dependents	3,000

Services began: 1991.
For profit.
Assessments & treatments: Standard services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care.
Educational/general services: Standard services.
Utilization review: Standard services.
Counseling sites: EAP/mental health care facilities.
Specialties: Software industry.
Service area: Nationwide and Canada.
Reporting: Quarterly.
Billing: Flat fee, capitated fee, fee for service.
Officers: George W. Martin Jr., president.

CORPHEALTH Inc.

1300 Summit Ave., Suite 626, Fort Worth, Texas 76102; 817-654-2440; fax: 817-335-9100

Staff

Salaried employees	47
Includes: 1 psychologist, 4 social workers, 12 professional/mental health counselors	
Designations held: 2 CEAPs, 5 MSWs, 2 RNs, 3 Ph.D.s	
Contracted professionals*	4
Includes: 4 psychiatrists	
Designations held: 4 MDs	

Facilities

Total	188

EAP clients

Total	120
Lives covered at year-end 1993	125,000
Employees	90,000
Dependents	135,000

Mental health network clients

Total	40
Lives covered at year-end 1993	675,000
Employees	275,000
Dependents	400,000

1993 revenues

EAP services	14%
Managed mental health care services	86%

** Contracted professionals figure does not include employees of contracted facilities.*

Services began: 1987.
For profit.
Assessments & treatments: Standard services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, elder care.
Educational/general services: Employee education, supervisor training, drug-free workplace regulatory adherence, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.
Service area: Alabama, Arizona, Arkansas, California, Colorado, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Ohio, Tennessee, Texas, Virginia, Washington, West Virginia, Wisconsin.
Reporting: Monthly, quarterly.
Billing: Flat fee, capitated fee, fee for service.
Officers: Patrick D. Gotcher, president; David L. Redfield, COO; Robert E. Cull, vp-corporate development; Kent Boynton, vp-clinical development; Anita L. Poole, vp-provider development.
Contact: Patrick D. Gotcher or Robert E. Cull.

Corporate Health Services-Confidential Advisory Program

253 Witherspoon St., Princeton, N.J. 08540; 609-497-4210; fax: 609-497-4990

Staff

Salaried employees	8
Includes: 1 psychiatrist, 1 psychologist, 2 social workers, 2 professional/mental health counselors, 2 physicians	
Designations held: 3 CEAPs, 2 MSWs, 2 CACs, 2 MDs, 1 RN	
Contracted professionals	5
Includes: 5 psychiatrists	

Facilities

Total	4

EAP clients

Total	40
Lives covered at year-end 1993	80,000
Employees	20,000
Dependents	60,000

Mental health network clients

Total	8
Lives covered at year-end 1993	24,500
Employees	8,500
Dependents	16,000

1993 revenues

EAP services	40%
Managed mental health care services	30%

Services began: 1986.
Parent: The Medical Center at Princeton.
Not for profit.
Assessments & treatments: Standard services, including critical incidents and all mental health/psychiatric problems.
Health promotion: Standard services, excluding AIDS awareness. Also provides general health and wellness screening and educational services.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services, excluding concurrent review.
Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling, affiliated offices.
Service area: Maryland, New Jersey, New York, Pennsylvania, affiliated offices in 15 other states.
Reporting: Quarterly.
Billing: Capitated fee, fee for service.
Contact: Dennis Doody, CEO/president.

Creative Care Management Ltd.

1440 Hicks Road, Suite D, Rolling Meadows, Ill. 60008; 708-590-5973; fax: 708-590-5908

Staff

Salaried employees	17.5
Includes: 0.2 psychiatrists, 2 psychologists, 11 social workers	
Designations held: 11 MSWs, 6 CACs, 0.2 MDs, 2 Ph.D.s	
Contracted professionals	4.5
Includes: 0.2 psychiatrists, 0.4 psychologists, 3.5 social workers, 0.2 professional/mental health counselors	
Designations held: 3.5 MSWs, 0.2 CACs, 0.2 MDs, 0.4 Ph.D.s	

Facilities

Total	16

EAP clients

Total	25
Lives covered at year-end 1993	55,000
Employees	15,000
Dependents	40,000

Mental health network clients

Total	12
Lives covered at year-end 1993	50,000
Employees	35,000
Dependents	15,000

1993 revenues

Total	$1,300,000
EAP services	40%
Managed mental health care services	60%

Services began: 1985.
For profit.
Assessments & treatments: Standard services.

Continued on next page

POINTS OF DIFFERENCE

Their Method of Controlling Pharmacy Costs

vs. Ours.

While controlling costs is a primary goal of a pharmacy benefit management company, slashing benefits can result in poor patient compliance and increased utilization of more expensive healthcare resources.

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WELLPOINT
PHARMACY MANAGEMENT
27001 Agoura Road, Suite 325, Calabasas Hills, CA 91301-5339

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Continued from previous page

Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness.

Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review, organizational development.

Utilization review: Standard services, including on-site reviews.

Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.

Specialties: Unions, hospitals, universities, state and local governments.

Service area: California: Orange, San Francisco and Stanislaw counties; Connecticut: Hartford County; Florida: Broward and Orange counties; Georgia: Rockdale County; Indiana: Benton, Boone, Fountain, Hendricks, Jasper, Lake, LaPorte, Montgomery, Newton, Porter, St. Joseph, Tippecanoe, Warren and White counties; Kansas: Sedgewick County; Michigan: Ingham County; Minnesota: Hennepin County; Missouri: St. Louis County; New York: Monroe County; Ohio: Cuyahoga Heights County; Oklahoma: Tulsa County; Tennessee: Putnam and Shelby counties; Texas: Harris County; Wisconsin: Brown, Calumet, Fond du Lac, Jefferson, Kenosha, Kewaunee, Manitowoc, Milwaukee, Ozaukee, Racine, Sheboygan, Walworth, Washington, Waukesha and Winnebago counties.

Reporting: Annually, on request.

Billing: Capitated fee, $2-$4 per employee per month.

Officers: Fred Vojtsek, president/CEO/owner.

Contact: Michelle Peterson, director-business development.

Crestway-Wentworth Services Inc.

6101 W. Centinela Ave., Suite 345, Culver City, Calif. 90230; 800-468-6900; fax: 310-216-7913

Staff

Salaried employees 167
Includes: 2 psychiatrists, 70 psychologists, 59 social workers, 13 marriage/family/child counselors, 9 professional/mental health counselors, 2 physicians
Designations held: 76 CEAPs, 72 MSWs, 2 MDs, 14 RNs, 70 Ph.D.s
Contracted professionals 3,602
Includes: 290 psychiatrists, 1,312 psychologists, 1,230 social workers, 488 marriage/family/child counselors, 30 professional/mental health counselors, 290 physicians
Designations held: 720 CEAPs, 1,718 MSWs, 290 MDs, 360 RNs, 1,312 Ph.D.s

Facilities

Total 78

EAP clients

Total 2,600
Lives covered at year-end 1993 2,600,000
Employees 960,000
Dependents 1,640,000

Mental health network clients

Total 146
Lives covered at year-end 1993 17,360
Employees 6,944
Dependents 10,416

1993 revenues

Total $11,800,000
EAP services 79%
Managed mental health care services 21%

Services began: 1969.

Parent: United HealthCare Corp.

For profit.

Assessments & treatments: Standard services.

Health promotion: Standard services, including services for workplace violence, sexual harassment and grief/loss.

Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.

Utilization review: Standard services.

Counseling sites: Worksites, EAP/mental health care facilities, physicians' offices, phone counseling.

Service area: EAP services: nationwide and U.S. territories. Managed mental health network services: California.

Reporting: Monthly, quarterly, annually, on request.

Billing: Flat fee.

Officers: Dr. John Tillotson, CEO-Wentworth Services Inc.; R. Edward Bergmark, CEO-IHR; William McGuire, CEO-United HealthCare.

Contact: Craig J. Kleager, director-sales.

E

EAP WORKS Inc./MANAGED CARE WORKS Inc.

2705 Riverside Ave., Suite 2, Jacksonville, Fla. 32205; 800-327-9757; fax: 904-384-1067

Staff

Salaried employees 6
Includes: 4 professional/mental health counselors
Designations held: 4 CEAPs
Contracted professionals 200
Includes: 50 psychologists, 150 professional/mental health counselors
Designations held: 120 CEAPs, 50 Ph.D.s

Facilities

Total 250

EAP clients

Total 25

Mental health network clients

Total 25

1993 revenues

EAP services 75%
Managed mental health care services 25%

Services began: 1989.

For profit.

Assessments & treatments: Standard services.

Health promotion: Smoking cessation, stress management, alcohol awareness, drug/chemical awareness, AIDS awareness.

Educational/general services: Standard services, including psychiatric workers comp review.

Utilization review: Standard services, excluding concurrent review.

Counseling sites: All worksites, EAP/mental health care facilities.

Specialties: Health care industry, manufacturing.

Service area: Nationwide.

Reporting: Monthly, quarterly, annually, on request.

Billing: Flat fee, capitated fee, fee for service.

Officers: Cynthia Persico, president; Bill Johns, vp.

Contact: Cynthia Persico.

Employee Advisory Resource (EAR)

8100 34th Ave. S., Minneapolis, Minn. 55425; 612-853-3206 or 800-788-1949; fax: 612-853-4787

Staff

Salaried employees 110
Includes: 10 psychologists, 25 social workers, 5 marriage/family/child counselors, 50 professional/mental health counselors
Contracted professionals 2,250

Facilities

Total 1,350

EAP clients

Total 950
Lives covered at year-end 1993 3,100,000
Employees 1,000,000
Dependents 2,100,000

Mental health network clients

Total 35
Lives covered at year-end 1993 180,000
Employees 60,000
Dependents 120,000

Services began: 1974.

Parent: Ceridian Employer Services.

For profit.

Assessments & treatments: Standard services.

Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care, work and family issues.

Educational/general services: Standard services, including child care resource and referral, financial planning, human resource personnel/management consulting.

Utilization review: Standard services.

Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.

Specialties: Banking and finance, food sector, manufacturing and hospitality industries.

Service area: Nationwide, including Alaska and Hawaii; Canada; Puerto Rico; United Kingdom.

Reporting: Quarterly.

Billing: Capitated fee, fee for service.

Officers: David G. Robinson, general manager; Ken Larsen, business development/marketing manager; Stephen Ruff, national sales manager.

Contact: Ken Larsen, 612-853-8866.

Employee Assistance Service Inc.

7918 Jones Branch Drive, Suite 230, McLean, Va. 22102; 703-448-8101; fax: 703-448-8674

Staff

Salaried employees 60
Includes: 5 psychiatrists, 20 psychologists, 30 social workers, 5 marriage/family/child counselors
Designations held: 20 CEAPs, 30 MSWs, 15 CACs, 5 MDs, 4 RNs, 20 Ph.D.s
Contracted professionals 3,300
Includes: 320 psychiatrists, 1,100 psychologists, 1,500 social workers, 150 marriage/family/child counselors, 200 professional/mental health counselors
Designations held: 450 CEAPs, 1,500 MSWs, 310 CACs, 320 MDs, 120 RNs, 1,000 Ph.D.s

Facilities

Total 500

EAP clients

Total 250
Lives covered at year-end 1993 280,000
Employees 80,000
Dependents 200,000

Mental health network clients

Total 50
Lives covered at year-end 1993 350,000
Employees 120,000
Dependents 230,000

Services began: 1984.

For profit.

Assessments & treatments: Standard services, excluding legal problems.

Health promotion: Standard services, including physical fitness/exercise.

Educational/general services: Standard services, including psychiatric disability review.

Utilization review: Standard services.

Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.

Service area: United States, Canada, United Kingdom.

Reporting: Monthly, quarterly, annually, on request.

Billing: Flat fee, capitated fee, fee for service, percent of savings.

Officers: Gail E. Gibson, president/CEO.

Employee Counseling Service

2650 Olive St., St. Louis, Mo. 63103; 800-633-9672; fax: 314-371-6510

Staff

Salaried employees 75
Includes: 3 psychiatrists, 8 psychologists, 60 social workers, 2 professional/mental health counselors
Designations held: 3 CEAPs, 60 MSWs, 4 CACs, 3 MDs, 4 Ph.D.s

Facilities

Total 10

EAP clients

Total 51
Lives covered at year-end 1993 165,000
Employees 65,000
Dependents 100,000

Mental health network clients

Total 3
Lives covered at year-end 1993 29,000
Employees 9,000
Dependents 20,000

Services began: 1979.

Parent: Provident Counseling Inc.

Not for profit.

Assessments & treatments: Standard services, including services for trauma.

Health promotion: Standard services, including physical fitness/exercise.

Educational/general services: Standard services, referral program and student assistance programs.

Utilization review: Standard services.

Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.

Service area: Nationwide.

Reporting: On request.

Billing: Capitated fee, fee for service.

Officers: Kathlean Buescher, CEO/president; Janice Olson, COO; Philip B. Crouse, executive vp.

Contact: Philip B. Crouse.

Employee Health Plus

1661 Garden Highway, Sacramento, Calif. 95833; 916-929-1365; fax: 916-927-5368

Staff

Salaried employees 4
Includes: 3 professional/mental health counselors
Designations held: 2 CEAPs, 1 MSW, 1 CAC
Contracted professionals 400

EAP clients

Total 3
Lives covered at year-end 1993 7,000
Employees 4,500
Dependents 2,500

Mental health network clients

Total 1
Lives covered at year-end 1993 5,000
Employees 3,500
Dependents 1,500

1993 revenues

EAP services 80%
Managed mental health care services 20%

Services began: 1990.

For profit.

Assessments & treatments: Standard services. Legal problems assessed only.

Health promotion: Standard services, excluding AIDS awareness and elder care.

Educational/general services: Standard services.

Utilization review: Standard services.

Counseling sites: EAP/mental health care facilities, phone counseling.

Specialties: Banking, beverage companies, housing authorities.

Service area: Arizona, California, Florida, Illinois, Indiana, Maryland, Michigan, New Jersey, New York, Ohio.

Reporting: Monthly, quarterly, annually, on request.

Billing: Flat fee, fee for service.

Officers: Nancy Bailey, owner/executive director; Rana Stevens, manager; Florence Gainor, case manager.

Contact: Rana M. Stevens.

ETHIX Behavioral Services

888 S.W. Fifth Ave., Suite 600, Portland, Ore. 97204-2020; 800-537-9944; fax: 503-228-8651

Staff

Salaried employees 62
Includes: 1 psychiatrist, 1 psychologist, 27 marriage-family-child/professional/mental health counselors
Designations held: 23 MSWs, 1 MD, 4 RNs, 1 Ph.D.
Contracted professionals 2,730
Includes: 461 psychiatrists, 1,159 psychologists, 880 social workers, 230 marriage/family/child counselors
Designations held: 880 MSWs, 461 MDs, 1,159 Ph.D.s

Facilities

Total 665

Mental health network clients

Total 3
Lives covered at year-end 1993 122,500
Employees 35,000
Dependents 87,500

Services began: 1989.

Parent: ETHIX National.

For profit.

Assessments & treatments: Standard services.

Health promotion: Standard services, including physical fitness/exercise.

Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review, critical incident debriefing.

Utilization review: Standard services, including telephone after-care follow-up.

Counseling sites: Selected worksites, clients' headquarters, EAP/mental health care facilities, phone counseling.

Specialties: Unions, self-funded employers.

Service area: Nationwide.

Reporting: Quarterly or every 8 months.

Billing: Flat fee.

Officers: Dale White, president-ETHIX National; Steve Heck, senior vp-sales/marketing-ETHIX National; Deborah Smith, vp-utilization management-ETHIX National; Norman Penner, assistant vp-ETHIX Behavioral Services.

Contact: Norman Penner.

F

Families First

1105 W. Peachtree St. N.E., Atlanta, Ga. 30309; 404-853-2800; fax: 404-853-2889

Staff

Salaried employees 37
Includes: 31 social workers, 3 marriage/family/child counselors, 3 professional/mental health counselors
Designations held: 1 CAC, 37 MDs
Contracted professionals 2
Includes: 1 psychiatrist, 1 social worker
Designations held: 1 MSW, 1 MD

Facilities

Total 9

Mental health network clients

Total 110
Lives covered at year-end 1993 45,000
Employees 31,500
Dependents 13,500

1993 revenues

Total $6,000,000
EAP services 2%
Managed mental health care services 6%

Services began: 1920.

Parent: Child Service & Family Counseling Center Inc.

Not for profit.

Assessments & treatments: Standard services, including trauma counseling, eating disorders, family violence.

Health promotion: Standard services, excluding smoking cessation.

Educational/general services: Standard services, including workplace education programs.

Utilization review: Standard services, including gatekeeper services.

Counseling sites: All worksites, EAP/mental health care facilities, phone counseling.

Service area: Georgia: Butts, Clayton, Cobb, DeKalb, Douglas, Fayette, Fulton, Henry, Gwinnett and Paulding counties.

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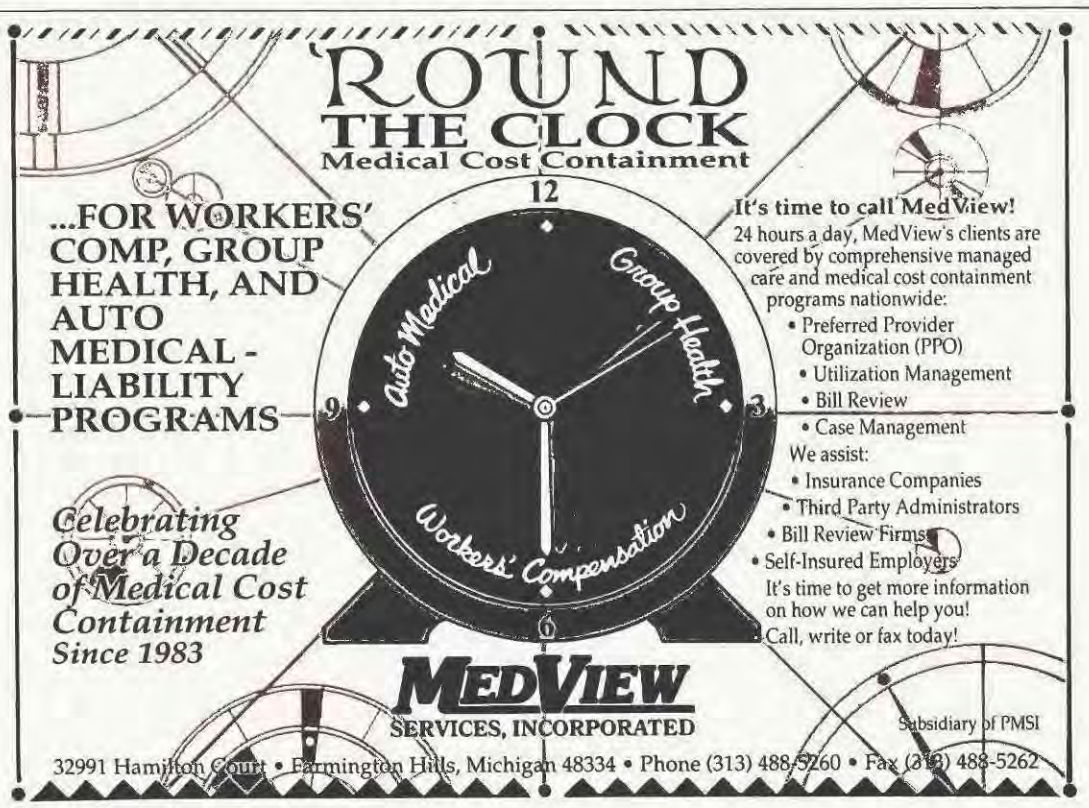

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Officers: Robert Weaver, executive director; Mrs. Robert Cander, president; Anthony Montag, vp; Dr. Jettie Burnett, secretary; John McCarthy, treasurer.

Family & Employee Services

1110 N. Old World Third St., Milwaukee, Wis. 53203; 414-342-4559; fax: 414-276-0464

Staff

Salaried employees 8
Includes: 5 social workers, 2 marriage/family/child counselors, 1 professional/mental health counselor
Designations held: 4 CEAPs, 3 MSWs, 3 CACs, 1 RN
Contracted professionals 17
Includes: 1 psychiatrist, 2 psychologists, 14 marriage/family/child counselors
Designations held: 2 CEAPs, 6 MSWs, 3 CACs

Facilities

Total 5

EAP clients

Total 123
Lives covered at year-end 1993 ..... NA
Employees 50,000

Mental health network clients

Total 5
Lives covered at year-end 1993 ..... NA
Employees 3,000

1993 revenues

EAP services 85%
Managed mental health care services 15%

Services began: 1982.
Parent: Family Service of Milwaukee.
Not for profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services.
Utilization review: Standard services.
Counseling sites: All worksites.
Specialties: Small to midsize companies.
Service area: Nationwide.
Reporting: Quarterly.
Billing: Capitated fee, fee for service.
Officers: Susan Halling, vp; Colleen Wagner, manager.
Contact: Susan Halling.

Florida Psychiatric Management Inc.

1276 Minnesota Ave., Winter Park, Fla. 32789; 407-647-1781; fax: 407-647-0668

Staff

Salaried employees 46
Includes: 3 psychiatrists, 5 social workers, 2 professional/mental health counselors
Designations held: 3 CEAPs, 5 MSWs, 3 MDs, 3 RNs
Contracted professionals 344
Includes: 96 psychiatrists, 90 psychologists, 79 social workers, 19 marriage/family/child counselors, 56 professional/mental health counselors
Designations held: 86 MSWs, 1 CAC, 96 MDs, 4 RNs, 90 Ph.D.s

Facilities

Total 40

EAP clients

Total 9
Lives covered at year-end 1993 141,000

Mental health network clients

Total 11
Lives covered at year-end 1993 195,000

Services began: 1987.
Parent: Ramsay Health Care Inc.
For profit.
Assessments & treatments: Standard services, excluding legal problems.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Selected worksites, clients' headquarters, EAP/mental health care facilities, phone counseling.
Specialties: Public utilities, entertainment/hospitality, hospitals, school boards.
Service area: Florida.
Reporting: Quarterly, annually.
Billing: Flat fee, capitated fee, fee for service.
Officers: Dr. Martin Lazoritz, president/CEO; I. Paul Mandelkern, senior vp; Charles C. Dahl, Christina R. Magaz, vps.
Contact: I. Paul Mandelkern.

Foothills Psychological Associates Inc.

715 N. Mountain Ave., Suite G, Upland, Calif. 91786; 909-981-2938; fax: 909-949-0105

Staff

Contracted professionals 11
Includes: 1 psychiatrist, 10 psychologists
Designations held: 1 MD, 10 Ph.D.s

Facilities

Total 3

EAP clients

Total 6
Lives covered at year-end 1993 ..... NA
Employees 3,000

Mental health network clients

Total 30
Lives covered at year-end 1993 7,000

1993 revenues

Total $1,500,000
EAP services 15%
Managed mental health care services 70%

Services began: 1979.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: EAP/mental health care facilities, physicians' offices, phone counseling.
Specialties: Municipalities, chambers of commerce.
Service area: California: Los Angeles, Riverside and San Bernardino counties.
Reporting: Monthly.
Billing: Capitated fee, fee for service.
Officers: Michael Geffen, president; Susan Courtney, vp; Ray Barnett, secretary/treasurer.
Contact: Michael Geffen.

G

GHI-Behavioral Management Program

330 W. 42nd St., New York, N.Y. 10036; 212-760-6047; fax: 212-760-6752

Staff

Salaried employees 100
Includes: 1 psychiatrist, 20 social workers, 7 professional/mental health counselors
Designations held: 20 MSWs, 1 MD, 7 RNs, 1 Ph.D.
Contracted professionals 5,612
Includes: 601 psychiatrists, 2,542 psychologists, 2,469 social workers
Designations held: 2,469 MSWs, 601 MDs, 2,542 Ph.D.s

Facilities

Total 75

EAP clients

Total 1
Lives covered 650,000
Employees 270,000
Dependents 380,000

Mental health network clients

Total 1
Lives covered 650,000
Employees 270,000
Dependents 380,000

Services began: 1994.
Not for profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise, prenatal care.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review, preventive care/health promotion program.
Utilization review: Standard services, including network utilization review, outcomes analysis, dual diagnosis studies.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Service area: New York.
Reporting: On request.
Billing: Capitated fee, fee for service.
Officers: Frank J. Branchini, GHI president/CEO; John Hill, Jack Dolan, vps-Value Behavioral Health; Michael Clark, vp-Managed Health Network; Steven Kessler, vp-marketing, GHI.
Contact: Steven Kessler.

Continued on next page

Directory terms and methodology are explained on page 23. A description of standard services appears on page 44. Listings of employee assistance program vendors begin on page 22.

Continued from previous page

Ben Gordon Center

12 Health Services Drive, DeKalb, Ill. 60145; 815-756-4875; fax: 815-736-2944

Staff

Salaried employees....6
Includes: 3 social workers, 3 professional/mental health counselors
Designations held: 3 MSWs, 2 CACs, 1 RN
Contracted professionals....4
Includes: 3 psychiatrists, 1 psychologist
Designations held: 3 MDs, 1 Ph.D.

EAP clients

Total....10
Lives covered at year-end 1993....NA
Employees....2,000

Mental health network clients

Total....3

1993 revenues

Total....$2,162,714
EAP services....1%
Managed mental health care services....1%

Services began: 1973.
Not for profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities.
Service area: Illinois: Boone, DeKalb, Kane and Ogle counties.
Reporting: Quarterly.
Billing: Flat fee, capitated fee, fee for service.
Officers: James Grave, CEO; Merlin Wessels, mental health program director; Anne Pletsch, EAP coordinator; Lon Clark, CFO; Kris Poulsen, volunteer/community education program director.
Contact: Anne Pletsch.

Green Spring Health Services Inc.

5565 Sterrett Place, Suite 500, Columbia, Md. 21044; 410-740-9501; fax: 410-740-8573

Staff

Salaried employees....199
Includes: 3 psychiatrists, 14 psychologists, 101 social workers/marriage-family-child counselors/professional/mental health counselors, 6 physicians
Designations held: 9 MDs, 14 Ph.D.s
Contracted professionals....9,702
Includes: 1,972 psychiatrists, 3,837 psychologists, 3,700 social workers, 193 professional/mental health counselors
Designations held: 3,700 MSWs, 1,972 MDs, 3,837 Ph.D.s

Facilities

Total....1,000

EAP clients

Total....1,986
Lives covered at year-end 1993....1,454,545
Employees....454,545
Dependents....1,000,000

Mental health network clients

Total....40,000
Lives covered at year-end 1993....10,200,000
Employees....3,200,000
Dependents....7,000,000

1993 revenues

Total....$55,600,000
EAP services....3%
Managed mental health care services....97%

Services began: 1988.
Parent: Veritus Inc.; Blue Cross/Blue Shield New Jersey; Pierce County (Wash.) Medical; Health Care Service Corp.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: All worksites, EAP/mental health care facilities, physicians' offices.
Service area: Nationwide.
Reporting: Quarterly.
Billing: Flat fee, capitated fee.
Officers: Dr. Henry Harbin, president/CEO; Daniel Klein, senior vp-strategic planning & development/acting marketing officer; Clarissa Marques, senior vp/CFO; Dr. Jonathan Book, senior vp/chief medical officer; Joyce Fitch, senior vp/chief legal officer.
Contact: Arlene Swerdloff, manager-corporate communications.

H

HHRC Health & Human Resource Center

7798 Starling Drive, Suite 308, San Diego, Calif. 92123; 619-571-1698; fax: 619-571-1868

Staff

Salaried employees....26
Includes: 1.2 psychiatrists, 2 psychologists, 8 social workers, 5 marriage/family/child counselors
Designations held: 8 CEAPs, 8 MSWs, 2 MDs, 2 Ph.D.s
Contracted professionals....1,060
Includes: 40 psychiatrists, 258 psychologists, 456 social workers, 306 marriage/family/child counselors
Designations held: 400 CEAPs, 456 MSWs, 40 MDs, 20 RNs, 258 Ph.D.s

Facilities

Total....30

EAP clients

Total....200
Lives covered at year-end 1993....170,000
Employees....80,000
Dependents....90,000

Mental health network clients

Total....8
Lives covered at year-end 1993....18,000
Employees....8,000
Dependents....10,000

1993 revenues

Total....$2,600,000
EAP services....80%
Managed mental health care services....10%

Services began: 1979.
For profit.
Assessments & treatments: Standard services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review, critical incident stress debriefing, conflict resolution.
Utilization review: Standard services.
Counseling sites: EAP/mental health care facilities, physicians'/providers' offices, phone counseling.
Service area: Nationwide.
Reporting: Quarterly.
Billing: Flat fee, capitated fee, fee for service.
Officers: Stephen Heidel, president; Dennis Senke, vp.
Contact: Stephen Heidel.

Harmony: The Managed Health Care Program

1831 Chestnut St., St. Louis, Mo. 63117; 800-524-7482; fax: 314-923-8542

Staff

Salaried employees....9
Includes: 1 psychologist, 1 social worker
Designations held: 1 MSW, 5 RNs, 1 Ph.D.
Contracted professionals....NA
Includes: 50 psychiatrists, 100 psychologists, 75 social workers, 25 marriage/family/child counselors, 40 professional/mental health counselors
Designations held: 34 CEAPs, 100 MSWs, 50 MDs, 75 Ph.Ds

Facilities

Total....45

Mental health network clients

Total....NA
Lives covered at year-end 1993....50,000
Employees....20,000
Dependents....30,000

Services began: 1993.
Parent: Blue Cross/Blue Shield of Missouri.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, excluding elder care.
Educational/general services: Employee education, supervisor training, workplace problem identification.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Service area: Nationwide.
Reporting: On request.
Billing: Fee for service.
Officers: Roy Heimberger, CEO/president; Peter Clay, senior vp; Ann Saladino, vp; Peter A. Ambrose Jr., director-mental health services.
Contact: Cheryl Ward.

HEALTH DIRECT

1011 E. Touhy Ave., Suite 500, Des Plaines, Ill. 60018; 708-391-9500; fax: 708-390-7715

Staff

Salaried employees....8.5
Includes: 3 psychiatrists, 1 social worker, 1 marriage/family/child counselor, 5 professional/mental health counselors
Designations held: 3 CEAPs, 1 MSW, 3 CACs, 3 MDs, 4 RNs, 1 Ph.D.
Contracted professionals....381
Includes: 101 psychiatrists, 143 psychologists, 137 social workers
Designations held: 137 MSWs, 21 CACs, 101 MDs, 143 Ph.Ds

Facilities

Total....28

EAP clients

Total....3
Lives covered at year-end 1993....31,838
Employees....13,434
Dependents....18,404

Mental health network clients

Total....66
Lives covered at year-end 1993....209,228
Employees....83,691
Dependents....125,537

Services began: 1981.
Parent: EHS Health Care; Lutheran General Health System.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review.
Utilization review: Standard services.
Counseling sites: All worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Service area: Illinois: Cook, DuPage, Kane, Kendall, Lake, McHenry and Will counties; Indiana: Lake County.
Reporting: Quarterly, annually.
Billing: Flat fee, capitated fee, fee for service, percent of savings.
Officers: Charles Stark, president/CEO; Jenifer Cline, COO; Kerry Finnegan, vp-sales/marketing; Jay Gore, management information systems; Steve Tiwald, vp-networks/consulting.
Contact: Julie Barth.

Health Economics Corp.

5001 Spring Valley Road, Suite 1000E, Dallas, Texas 75244; 214-789-6800; fax: 214-789-6412

Staff

Salaried employees....4
Includes: 1 professional/mental health counselor
Designations held: 2 RNs, 1 Ph.D.
Contracted professionals....289
Includes: 26 psychiatrists, 102 psychologists, 95 social workers, 49 marriage/family/child counselors, 8 professional/mental health counselors
Designations held: 26 MDs, 102 Ph.D.s

Facilities

Total....80

Mental health network clients

Total....9
Lives covered at year-end 1993....83,100
Employees....32,860
Dependents....50,240

Services began: 1991.
Parent: Equifax Inc.
For profit.
Assessments & treatments: Standard services.
Educational/general services: Psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Mental health care facilities, phone counseling.
Service area: California: San Joaquin County; Colorado: Arapahoe County; Florida: Orange County; Georgia: Fulton County; Illinois: Kane County; Michigan: Monroe County; Minnesota: Ramsey and St. Louis counties; Missouri: Jackson County; New York: Erie County; Ohio: Lukens County; Oklahoma: Tulsa County; Texas: Collin, Dallas, Denton, Fort Bend, Erath, Harris, Johnson, Kaufman, Montgomery, Rockwall, Somervell, Tarrant and Wharton counties; West Virginia: Charleston County.
Officers: Dick Herrmann, president/CEO; Parks Houser, senior vp; Nancy Coleman, senior vp-health care administration; Larry Dotin, corporate medical director; Leah Ward-Lee, vp-integrated technologies/chief information officer.
Contact: Susan Smith, 214-789-6728.
EAP services are not available.

Continued on next page

Standard assessments and treatments include stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns and adolescent treatment.

Standard health promotion services include smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug/chemical awareness, AIDS awareness and elder care.

Standard educational/general services include employee education, supervisor training, drug-free workplace regulatory adherence and workplace problem identification.

Standard utilization review services include inpatient and outpatient precertification, concurrent review and case management.

Directory terms and methodology are explained on page 23.

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Continued from previous page

Healthwise

203 South Ave. E., Westfield, N.J. 07090; 800-624-1696; fax: 908-654-0158

Staff

Salaried employees ..... NA
Includes: 1 psychiatrist, 3 social workers, 1 physician
Designations held: 3 CEAPs, 2 MSWs, 1 CAC, 1 MD, 1 RN

EAP clients

Total 11
Lives covered at year-end 1993 20,000

Mental health network clients

Total 42
Lives covered at year-end 1993 80,000

Services began: 1982.
Not for profit.
Assessments & treatments: Standard services.
Health promotion: Stress management.
Educational/general services: Supervisor training, drug-free workplace adherence, workplace problem identification.
Utilization review: Standard services.
Counseling sites: All worksites, EAP/mental health care facilities, phone counseling.
Specialties: Large multiemployer welfare funds.
Service area: Nationwide.
Reporting: Quarterly.
Billing: Capitated fee.
Contact: Jean R. Truitt, director.

The Holman Group

21050 Vanowen St., Canoga Park, Calif. 91303; 818-704-1444; fax: 818-704-9339

Staff

Salaried employees 95
Includes: 4 psychiatrists, 9 psychologists, 5 social workers, 10 marriage/family/child counselors, 5 professional/mental health counselors
Designations held: 2 CEAPs, 5 MSWs, 6 CACs, 1 RN
Contracted professionals 2,051
Includes: 301 psychiatrists, 490 psychologists, 570 social workers, 624 marriage/family/child counselors, 34 professional/mental health counselors, 1 physician
Designations held: 570 MSWs, 28 CACs, 302 MDs, 5 RNs, 490 Ph.D.s

Facilities

Total 419

EAP clients

Total 46
Lives covered at year-end 1993 ..... NA*

Mental health network clients

Total 32
Lives covered at year-end 1993 ..... NA*

1993 revenues

Total $8,500,000
EAP services 20%
Managed mental health care services 80%
** Covered lives from both EAP and managed mental health care network services total 500,000. This figure includes 150,000 employees and 350,000 dependents.*

Services began: 1979.
For profit.
Assessments & treatments: Standard services, including childhood problems.
Health promotion: Standard services, including physical fitness/exercise, critical incident stress, downsizing, working women.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services, including bill review.
Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.
Service area: Nationwide.
Reporting: Monthly, quarterly, annually, on request.
Billing: Capitated fee, fee for service.
Officers: Ron Holman, president/CEO; Linda Holman, vp/CFO; Kim Scott, vp-sales/marketing; Marylin Kingston, executive vp; Marcus Sola, vp-clinical administration.
Contact: Susan Solis.

Human Affairs International

5801 S. Fashion Blvd., Murray, Utah 84107; 801-578-7300; fax: 801-578-7662

Staff

Salaried employees 758
Includes: 9 psychiatrists, 18 psychologists, 241 social workers/marriage-family-child/professional/mental health counselors
Designations held: 44 RNs
Contracted professionals 10,794
Includes: 3,210 psychiatrists, 3,856 psychologists, 2,938 social workers, 408 marriage/family/child counselors, 382 professional/mental health counselors
Designations held: 2,938 MSWs, 3,210 MDs, 3,856 Ph.D.s

Facilities

Total 995

EAP clients

Total 417
Lives covered at year-end 1993 3,455,955
Employees 1,382,382
Dependents 2,073,573

Mental health network clients

Total 89
Lives covered at year-end 1993 1,011,815
Employees 404,726
Dependents 607,089

1993 revenues

Total $72,100,000
EAP services 55%
Managed mental health care services 39%

Services began: 1973.
Parent: Aetna Life Insurance Co.
For profit.
Assessments & treatments: Standard services, excluding adolescent treatment.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, elder care.
Educational/general services: Standard services.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Specialties: Midsize to large companies.
Service area: Nationwide.
Reporting: Monthly, on request.
Billing: Capitated fee.
Officers: Jack Williams, president/CEO; Jay Youell, vp-operations; Peter Sterman, vp-sales; Stephanie Boyers, vp-marketing/strategy; Tom Bendoraitis, CFO; Betty Lynn Davis, vp-quality management.
Contact: Peter Sterman, 801-578-7201.

I

INSIGHT: Employee Assistance Program

770 E. Shaw, Suite 112, Fresno, Calif. 93710; 209-226-7437; fax: 209-226-5937

Staff

Salaried employees 5.5
Includes: 0.5 psychiatrists, 1 social worker, 2.5 marriage/family/child counselors, 1.5 professional/mental health counselors
Designations held: 2 CEAPs, 1 MSW
Contracted professionals 44
Includes: 1 psychiatrist, 7 psychologists, 15 social workers, 14 marriage/family/child counselors, 7 professional/mental health counselors
Designations held: 7 CEAPs

EAP clients

Total 47
Lives covered at year-end 1993 52,000
Employees 22,000
Dependents 30,000

Mental health network clients

Total 1

Services began: 1978.
Not for profit.
Assessments & treatments: Standard services.
Health promotion: Nutrition/weight control, stress management, alcohol awareness, drug/chemical awareness, AIDS awareness, physical fitness/exercise.
Educational/general services: Standard services.
Utilization review: Outpatient precertification, concurrent review, case management.
Counseling sites: Selected worksites, EAP/mental health care facilities.
Specialties: Hospitals, banking, manufacturing, government employees.
Service area: California.
Reporting: Quarterly.
Billing: Capitated fee.
Officers: Dr. Mateo DeSoto, president; Torene Bonner, director.
Contact: Torene Bonner.

Integrated Behavioral Health

18881 Von Karman Ave., Suite 1750, Irvine, Calif. 92715; 714-442-2100; fax: 714-442-2102

Staff

Contracted professionals 3,000

Facilities

Total 300

1993 revenues

EAP services 17%
Managed mental health care services 83%

Services began: 1985.

Continued on next page

Look What's New At The Travelers

BIG Benefits for Small Businesses of 2-200 Employees

Managed Indemnity Plans Feature Supplemental Accident Benefit and More...

The Travelers has enhanced its Managed Indemnity Plans to include some new features.

New Plan Features Include:

- New Simplified Plan Offerings with $250, $500 and $1,000 deductible options and choice of 80% or 50% Coinsurance
- Supplemental Accident Benefit
- Physician Office Visits for $25*

Additional Plan Features Include:

- Taking Care Wellness Program
- Preventive Care up to $150, NO DEDUCTIBLE
- Bright Futures Maternity Management Program
- Prescription Drug Card

** Not available with $1,000 deductible*
Availability subject to state regulations

Preferred PPO Product Reduces Cost, Not Care...

The Travelers has simplified its plan offering and revised the plan features to reduce plan costs while increasing availability of care.

New Plan Features Include:

- New Simplified Plan Offerings with $250, $500 and $1,000 deductible options
- Physician Office Copays*
- Preventive Care both In and Out-of-Network

Additional Plan Features Include:

- Bright Futures Maternity Management Program
- Taking Care Wellness Program
- Prescription Drug Card

In addition to the above changes, The Travelers Preferred PPO product will be made available in over 20 new markets in 1994. Contact your Travelers representative for available locations.

** Not available in all states or all areas*
Availability subject to state regulations

PCS - Prescription Card Service Included on All Plans...

- Covers both brand name and generic medication
- Discounts with over 50,000 participating pharmacies nationwide
- No claim forms in network
- $8 plus 20% copay for brand name drugs
  $5 copay for generic drugs
  $5 copay for 3 month supply through mail order
- Quantum Alert Drug Monitoring Service which screens for: unusually high or low dosages, drugs inappropriate for patient's age, common drug interactions, drugs inappropriate during pregnancy, drug duplications or excess use

All new Small Group cases automatically include the PCS Prescription Card Service and mail order benefit.

Availability subject to state regulations

New "Preferred D" Dental Provider Network...

We are pleased to announce effective June 1, 1994, Travelers Small Group Dental cases will have access to our Preferred D Network.

Key Benefits:

- SAVINGS - fees are generally 20-25% below the community average.
- CHOICE - employees have a choice, the freedom to receive care from any dentist or specialist they choose, either within or outside the network. And, because of the size of our network, it's easy for employees to find a dentist to meet their needs.
- LOWER OUT-OF-POCKET COSTS - a reduced fee structure, generally resulting in out-of-pocket savings for using a network dentist. There is no reduction in benefits for using a non-participating provider.
- QUALITY - our network has a dentist credentialing process which screens and monitors each dentist. We also evaluate each provider to determine appropriate care patterns.

Not available in all states or all areas
Availability subject to state regulations

These plans have exclusions and limitations. For more information contact your local Travelers representative or give us a call nationwide at 800-477-0001

The Travelers Insurance Companies

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Continued from previous page

Parent: CORE Management Inc.
For profit.
Assessments & treatments: Standard services, excluding care related to legal and financial concerns.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices.
Specialties: Large self-insured employers and health purchasing coalitions, labor health plans, medium-sized insurers.
Service area: Nationwide, Puerto Rico.
Reporting: Quarterly.
Billing: Flat fee, capitated fee, fee for service.
Officers: Samuel L. Mayhugh, founder/president; George Carpenter, CEO-CORE Management Inc.; Craig Horton, president/COO-CORE Management Inc.; Randall Radcliff, vp-sales/marketing.
Contact: Samuel Mayhugh.

INTERACT Behavioral Healthcare Services Inc.

1808 E. Broad St., Columbus, Ohio 43203; 614-251-8242; fax: 614-251-8259

Staff

Salaried employees....55
Includes: 4 psychiatrists, 8 psychologists, 12 social workers, 9 marriage/family/child counselors, 6 professional/mental health counselors, 1 physician
Designations held: 2 CEAPs, 10 MSWs, 9 CACs, 5 MDs, 3 RNs, 10 Ph.D.s

Facilities

Total....6

EAP clients

Total....20
Lives covered at year-end 1993....25,000

Mental health network clients

Total....4
Lives covered at year-end 1993....80,000

1993 revenues

Total....$3,200,000
EAP services....15%
Managed mental health care services....85%

Services began: 1978.
For profit.*
Assessments & treatments: Standard services.
Health promotion: Standard services.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Specialties: Government, banking, insurance, manufacturing, education, medical industry.
Service area: Ohio: Franklin County and 20 central counties; nationwide referral network.
Reporting: Monthly, quarterly, annually, on request.
Billing: Flat fee, capitated fee, fee for service.
Officers: James M. Shulman, CEO; Dr. Judyth Box, medical director; Jim Fidelibus, chemical dependency director; Michael Brickey, mental health director; Jackie Shulman, operations director.
** INTERACT Behavioral Healthcare Services owns a non-profit subsidiary.*

Interface EAP Inc.

7670 Woodway, Suite 350, Houston, Texas 77063; 713-781-3364; fax: 713-781-4954

Staff

Salaried employees....16
Includes: 1 psychiatrist, 2 psychologists, 2 social workers, 4 professional/mental health counselors
Designations held: 2 CEAPs, 1 MSW, 1 MD, 2 RNs, 2 Ph.D.s
Contracted professionals....2,716
Includes: 342 psychiatrists, 462 psychologists, 374 social workers, 212 marriage/family/child counselors, 786 professional/mental health counselors
Designations held: 184 MSWs, 234 CACs, 342 MDs, 462 Ph.D.s

Facilities

Total....148

EAP clients

Total....112
Lives covered at year-end 1993....102,210
Employees....31,450
Dependents....70,760

Mental health network clients

Total....93
Lives covered at year-end 1993....87,060
Employees....26,790
Dependents....60,270

Services began: 1989.
For profit.
Assessments & treatments: Standard services, including care for critical incidents.
Health promotion: Standard services, including physical fitness/exercise, interpersonal relationships.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Physicians'/providers' offices.
Specialties: Private industry, political subdivisions.
Service area: 38 states.
Reporting: Quarterly.
Billing: Capitated fee.
Officers: Fred Newman, president; Lizz Scott, Glen McClure, vps.
Contact: Lizz Scott or Bobbie Dusek.

Iowa Managed Health Care Inc.

2750 First Ave. N.E., Suite 200, Cedar Rapids, Iowa 52402; 319-363-8705; fax: 319-363-8728

Staff

Salaried employees....9
Includes: 2 social workers
Designations held: 2 MSWs, 2 RNs
Contracted professionals....14
Includes: 10 psychiatrists, 2 psychologists, 2 social workers
Designations held: 2 MSWs, 10 MDs, 2 Ph.D.s

Facilities

Total....7

EAP clients

Total....1
Lives covered at year-end 1993....7,675
Employees....2,952
Dependents....4,723

Mental health network clients

Total....67
Lives covered at year-end 1993....34,486
Employees....10,772
Dependents....23,714

Services began: 1991.
For profit.
Assessments & treatments: Stress, occupational problems, family/marital problems, suicide, alcohol abuse, drug/chemical abuse, adolescent treatment.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, critical incident debriefing, workplace violence control.
Educational/general services: Employee education, supervisor training, workplace problem identification, psychiatric disability review, psychiatric workers comp review.
Utilization review: Concurrent review, case management.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices.
Service area: Iowa: Johnson, Jones and Linn counties.
Reporting: On request.
Billing: Capitated fee, fee for service.
Officers: Phil Dorothy, secretary; Dr. Tom Hansen, medical director/president; Dr. Alan Whitters, first vp; Dr. Ali Safdar, second vp; Dr. Paul Pennigroth, treasurer.
Contact: Phil Dorothy.

J

Jesko Associates Inc.

1521 N. Cooper, Suite 480, Arlington, Texas 76011; 817-265-5400; fax: 817-265-8219

Staff

Salaried employees....22
Includes: 7 social workers, 1 marriage/family/child counselor, 1 professional/mental health counselor
Designations held: 2 CEAPs, 7 MSWs, 4 CACs, 2 Ph.D.s
Contracted professionals....405
Includes: 12 psychiatrists, 21 psychologists, 72 social workers, 90 marriage/family/child counselors, 168 professional/mental health counselors, 42 physicians
Designations held: 6 CEAPs, 71 MSWs, 42 MDs, 12 Ph.D.s

Facilities

Total....41

EAP clients

Total....38
Lives covered at year-end 1993....148,500
Employees....42,500
Dependents....106,000

Mental health network clients

Total....4
Lives covered at year-end 1993....74,550
Employees....21,300
Dependents....53,250

Services began: 1979.
For profit.
Assessments & treatments: Standard

Continued on next page

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Continued from previous page

services.

Health promotion: Smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug/chemical awareness, elder care, women's health issues, anger management, managing change.

Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review, management consultation, policy development assistance, downsizing assistance, relocation and merger impact assistance, critical incident debriefing.

Utilization review: Standard services, including outcome evaluation.

Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices, phone counseling.

Specialties: Utilities, petroleum industry, medical centers, municipalities, school districts.

Service area: Alabama, Alaska, Arizona, Arkansas, California, Georgia, Illinois, Kansas, Louisiana, Mississippi, New Mexico, Ohio, Oklahoma, South Carolina, Texas, Wisconsin.

Reporting: Quarterly.

Billing: Flat fee, capitated fee, fee for service, shared risk.

Officers: Joe Jesko, president/CEO; Ginny Sprang, director-clinical services; William F. deHaas, director-operations.

Contact: Joe Jesko.

L

Life Link

23046 Avenida de la Carlota, Suite 700, Laguna Hills, Calif. 92653; 714-859-7971; fax: 714-859-9824

Staff

Salaried employees	124
Includes: 2 psychiatrists, 2 psychologists, 4 marriage/family/child counselors, 5 professional/mental health counselors	
Designations held: 1 CEAP, 2 MSWs, 3 MDs, 4 RNs, 2 Ph.D.s	
Contracted professionals	20,554

Facilities

Total	1,421

EAP clients

Total	45
Lives covered at year-end 1993	100,000

Mental health network clients

Total	355
Lives covered at year-end 1993	400,000

Services began: 1986.

Parent: PacifiCare Health Systems.

For profit.

Assessments & treatments: Standard services.

Health promotion: Standard services, including physical fitness/exercise.

Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.

Utilization review: Standard services, including follow-up and after-care.

Counseling sites: All worksites, EAP/mental health care facilities, physicians' offices, phone counseling.

Service area: Nationwide.

Reporting: Quarterly.

Billing: Flat fee, capitated fee, fee for service.

Officers: Dr. Alan Savitz, president/CEO; Len Whyte, CFO; Dr. Stephen Connor, medical director; Dr. Steven Hunt, director-clinical services.

Contact: Bill Buck, manager-clinical services, 714-565-6210.

M

MCC Behavioral Care

11095 Viking Drive, Suite 350, Eden Prairie, Minn. 55344; 800-433-5678; fax: 612-996-2722

Staff

Salaried employees	1,115
Includes: 37 psychiatrists, 63 psychologists, 153 social workers, 84 marriage/family/child counselors, 143 professional/mental health counselors	
Designations held: 113 RNs	
Contracted professionals	11,000
Includes: 3,000 psychiatrists, 3,000 psychologists, 3,000 social workers, 1,000 marriage/family/child counselors, 1,000 professional/mental health counselors	
Designations held: 4,000 CEAPs, 3,000 MSWs, 2,000 CACs, 3,000 MDs, 2,000 RNs, 3,000 Ph.D.s	

Facilities

Total	1,200

EAP clients

Total	312
Lives covered at year-end 1993	850,000
Employees	340,000
Dependents	510,000

Mental health network clients

Total	94
Lives covered at year-end 1993	4,550,000
Employees	1,820,000
Dependents	2,730,000

1993 revenues

Total	$170,000,000
EAP services	5%
Managed mental health care services	90%

Services began: 1974.

Parent: CIGNA Health Care.

For profit.

Assessments & treatments: Standard services.

Health promotion: Smoking cessation, physical fitness/exercise, nutrition/weight control, stress management, alcohol awareness, drug/chemical awareness, elder care, child care.

Educational/general services: Standard services, including psychiatric disability review.

Utilization review: Standard services.

Counseling sites: All worksites, EAP/mental health care facilities, physicians' offices, phone counseling (EAP only).

Specialties: Manufacturing/transportation industries, school districts.

Service area: Nationwide.

Reporting: Quarterly.

Billing: Capitated fee, fee for service.

Officers: Julian Cohen, president; Jerrold Kreisler, vp-behavioral care services division; Dr. John Bartlett, vp/medical director; Jean Walker, CFO; Sheila Nelson, vp-sales.

Contact: Mark Caulfield, product manager.

Managed Care Programs Inc.

4830 W. Kennedy Blvd., Suite 450, Tampa, Fla. 33609; 813-282-8424; fax: 813-282-8034

Staff

Salaried employees	20
Includes: 1 psychiatrist, 6 professional/mental health counselors	
Designations held: 4 MSWs, 1 MD, 4 RNs	
Contracted professionals	2,552
Includes: 637 psychiatrists, 1,187 psychologists, 711 social workers, 17 physicians/other	

Facilities

Total	250

EAP clients

Lives covered at year-end 1993	NA
Employees	22,000

Mental health network clients

Lives covered at year-end 1993	850,000

Services began: 1991.

For profit.

Assessments & treatments: Standard services.

Health promotion: Standard services, including physical fitness/exercise.

Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.

Utilization review: Standard services.

Counseling sites: Providers' offices.

Service area: Nationwide, excluding Alaska, Hawaii, Idaho, Montana, North Dakota and South Dakota.

Reporting: Monthly, quarterly, annually, on request.

Billing: Flat fee.

Officers: Jim Kent, president/CEO; John Kelly, vp.

Contact: John Kelly.

Managed Health Network

5100 W. Goldleaf Circle, Suite 300, Los Angeles, Calif. 90056; 213-299-0999; fax: 213-298-2777

Staff

Salaried employees	300
Includes: 2 psychiatrists, 10 psychologists, 37 social workers, 16 marriage/family/child counselors, 21 professional/mental health counselors, 2 physicians	
Designations held: 4 CEAPs, 11 MSWs, 2 MDs, 12 RNs, 10 Ph.D.s	
Contracted professionals	6,067
Includes: 797 psychiatrists, 2,348 psychologists, 2,043 social workers, 385 marriage/family/child counselors, 494 professional/mental health counselors	

Facilities

Total	435

EAP clients

Total	260
Lives covered at year-end 1993	1,046,500
Employees	455,000
Dependents	591,500

Mental health network clients

Total	157
Lives covered at year-end 1993	1,134,600
Employees	493,300
Dependents	641,300

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1993 revenues

Total	$40,000,000
EAP services	25%
Managed mental health care services	75%

Services began: 1987.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services, including retrospective review.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Service area: Nationwide, Canada, Puerto Rico.
Reporting: Quarterly.
Billing: Flat fee, capitated fee.
Officers: Ronald Moreland, president/CEO; David Buhler, CFO; Dr. Gregory Miller, medical director; Richard Hansen, vp-sales/marketing; Nelson Kahn, vp-account management.
Contact: Richard Hansen.

Medco Behavioral Care Corp.

1 Maynard Drive, Park Ridge, N.J. 07656; 201-391-8700; fax: 201-391-2411

Staff

Salaried employees	2,073
Includes: 300 psychiatrists/psychologists, 330 social workers/marriage-family-child counselors/ professional/mental health counselors, 100 physicians	
Designations held: 30 CEAPs, 330 MSWs, 50 CACs, 100 MDs, 60 RNs, 300 Ph.D.s	
Contracted professionals	19,470
Includes: 2,210 psychiatrists, 6,060 psychologists, 11,200 social workers/marriage-family-child/ professional/mental health counselors	

Facilities

Total	1,200

EAP clients

Total	875
Lives covered at year-end 1993	5,300,000
Employees	2,200,000
Dependents	3,100,000

Mental health network clients

Total	70
Lives covered at year-end 1993	7,600,000
Employees	2,100,000
Dependents	5,500,000

1993 revenues

Total	$211,000,000
EAP services	25%
Managed mental health care services	75%

Services began: 1976.
Parent: Medco Containment Services Inc./Merck & Co.
For profit.
Assessments & treatments: Standard services, including critical incident assistance.
Health promotion: Standard services, excluding nutrition/weight control.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Selected worksites, clients' headquarters, EAP/mental health care facilities, physicians'/counselors' offices, phone counseling.
Specialties: Union trusts, government, HMOs, CHAMPUS, insurance carriers, employer alliances.
Service area: Nationwide.
Reporting: On request.
Billing: Flat fee, capitated fee, fee for service, usage-based fee.
Officers: Albert S. Waxman, CEO/chairman; Timothy Austin, president-MBCS; Shannon Kennedy, president-ABI; Carl Tisone, president-PPC; Dr. James Considine president-BeneSys; Dr. Ronald Geraty, executive vp-new business.
Contact: John Deats, director-corporate communications.

Medical Business Management Inc.

3490 Independence Drive, Birmingham, Ala. 35209; 205-871-7814; fax: 205-868-4278

Staff

Salaried employees	8
Includes: 1 psychiatrist, 2 psychologists, 4 social workers, 2 marriage/family/child counselors, 3 professional/mental health counselors	
Designations held: 2 CEAPs, 1 MD, 2 RNs, 3 Ph.D.s	
Contracted professionals	90
Includes: 32 psychiatrists, 38 psychologists, 8 social workers, 4 marriage/family/child counselors, 6 professional/mental health counselors, 2 physicians	
Designations held: 5 CEAPs, 4 MSWs, 2 CACs, 34 MDs, 2 RNs, 38 Ph.D.s	

Facilities

Total	16

EAP clients

Total	10
Lives covered at year-end 1993	33,327
Employees	9,522
Dependents	23,805

Mental health network clients

Total	8
Lives covered at year-end 1993	80,000
Employees	32,000
Dependents	48,000

1993 revenues

Total	$2,013,416
EAP services	5%
Managed mental health care services	95%

Services began: 1990.
For profit.
Assessments & treatments: Standard services.
Health promotion: Smoking cessation, stress management, alcohol awareness, drug/chemical awareness, AIDS awareness.
Educational/general services: Standard services, including psychiatric disability review.
Utilization review: Standard services.
Counseling sites: All worksites, clients' headquarters, EAP/mental health care facilities, physicians' offices, phone counseling.
Service area: Alabama, Arkansas, Florida, Georgia, Indiana, Kentucky, Louisiana, Michigan, Mississippi, Ohio, South Carolina, Tennessee, Texas.
Reporting: Monthly, quarterly, annually, on request.
Billing: Flat fee, capitated fee, fee for service.
Officers: H.E. Logue, chairman; Allen S. Blackwell, president/CEO; Richard D. Robins, secretary/treasurer; Lita A. Clark, director-employee assistance services; Carolyn S. Ellis, director-mental health care services.
Contact: Allen S. Blackwell.

Mental Health Consultants Inc.

1878 Sugar Bottom Road, Furlong, Pa. 18925; 215-345-7838; fax: 215-345-8488

Staff

Salaried employees	4
Includes: 2 professional/mental health counselors	
Contracted professionals	246
Includes: 55 psychiatrists, 155 psychologists, 27 social workers, 9 professional/mental health counselors	
Designations held: 14 MSWs, 2 CACs, 41 MDs, 2 RNs, 107 Ph.D.s	

Facilities

Total	25

Mental health network/EAP clients

Total	40
Lives covered at year-end 1993	132,000
Employees	80,000
Dependents	52,000

1993 revenues

Managed mental health care services	100%

Services began: 1980.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: All worksites, clients' headquarters, physicians' offices.
Service area: New Jersey: Burlington, Camden and Gloucester counties; Pennsylvania: Berks, Bucks, Chester, Delaware, Lancaster, Lehigh, Montgomery, Northamton, Philadelphia and York counties.
Reporting: On request.
Billing: Flat fee, capitated fee, fee for service.
Officers: Edward J. Haaz, president; Cyndi Glauser, vp/secretary.
Contact: Edward J. Haaz.

Mental Health Management Consultants Ltd.

2466 E. Kimberly Road, Davenport, Iowa 52807; 319-359-7379; fax: 319-582-7679

Staff

Salaried employees	19
Includes: 3 marriage/family/child counselors, 1 professional/mental health counselor	
Designations held: 1 CEAP, 1 MSW, 2 RNs	
Contracted professionals	9
Includes: 4 psychiatrists, 5 psychologists	
Designations held: 4 MDs, 5 Ph.D.s	

Mental health network clients

Total	135
Lives covered at year-end 1993	70,000

For profit.
Assessments & treatments: Standard services, excluding care related to legal and financial concerns.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, critical incident debriefing, workplace violence.
Educational/general services: Employee education, supervisor training, workplace problem identification, psychiatric disability review, psychiatric workers comp review.
Utilization review: Concurrent review, case management.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices.
Service area: Illinois: Henry and Rock Island counties; Iowa: Muscatine and Scott counties.
Reporting: On request.
Officers: Phil Dorothy; Dr. Govindiaih, medical director.
Contact: Phil Dorothy.

Mental Health Network

3850 N. Causeway Blvd., Suite 1140, Metairie, La. 70002; 504-830-7880; fax: 504-830-7888

Staff

Salaried employees	60
Includes: 5 psychiatrists, 20 psychologists, 30 social workers, 5 marriage/family/child counselors	
Designations held: 20 CEAPs, 30 MSWs, 15 CACs, 5 MDs, 4 RNs, 20 Ph.D.s	
Contracted professionals	3,300
Includes: 320 psychiatrists, 1,100 psychologists, 1,500 social workers, 150 marriage/family/child counselors, 200 professional/mental health counselors	
Designations held: 450 CEAPs, 1,500 MSWs, 310 CACs, 320 MDs, 120 RNs, 1,000 Ph.D.s	

Facilities

Total	500

EAP clients

Total	250
Lives covered at year-end 1993	280,000
Employees	80,000
Dependents	200,000

Mental health network clients

Total	50
Lives covered at year-end 1993	350,000
Employees	120,000
Dependents	230,000

Services began: 1981.
For profit.
Assessments & treatments: Standard services, excluding legal problems.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.
Service area: United States, Canada, United Kingdom.
Reporting: Monthly, quarterly, annually, on request.
Billing: Flat fee, capitated fee, fee for service, percent of savings.
Officers: Wesley J. Brockhoeft, president/CEO; Ernie Sylvester, COO; Renee Favret, Dr. John Moore, Al Brewster.

Mental Health Provider Systems

1991 Lee Road, Suite 106, Cleveland Heights, Ohio 44118; 216-932-6345 or 800-255-6339

Staff

Contracted professionals	210
Includes: 60 psychiatrists, 75 psychologists, 55 social workers, 20 marriage/family/child counselors	
Designations held: 75 MSWs, 60 MDs, 75 Ph.D.s	

Mental health network clients

Total	1
Lives covered at year-end 1993	7,120
Employees	2,740
Dependents	4,380

1993 revenues

Total	$46,900
Managed mental health care services	100%

Services began: 1989.
For profit.
Assessments & treatments: Standard services, excluding care related to legal and financial concerns.
Utilization review: Standard services.
Counseling sites: Phone counseling.
Service area: Ohio; Houston, Texas.
Reporting: Monthly, annually.
Billing: Flat fee.
Officers: Roger N. Hess, president; Ira Friedman; Dr. John B. Sawyer.
EAP services are not available.

Meridian Resource Corp.

401 W. Michigan St., Milwaukee, Wis. 53203; 414-226-5385; fax: 414-226-5109

Staff

Salaried employees	6
Includes: 1 psychologist, 1 social worker, 3 professional/mental health counselors, 1 physician	
Designations held: 1 CEAP, 1 MSW, 1 MD, 3 RNs, 1 Ph.D.s	
Contracted professionals	12
Includes: 4 psychiatrists, 3 psychologists, 3 social workers, 2 professional/mental health counselors	
Designations held: 3 CEAPs, 3 MSWs, 2 CACs, 4 MDs, 1 RN, 3 Ph.D.s	

Facilities

Total	35

EAP clients

Total	13
Lives covered at year-end 1993	21,700
Employees	6,200
Dependents	15,500

Mental health network clients

Total	500
Lives covered at year-end 1993	NA
Employees	118,000

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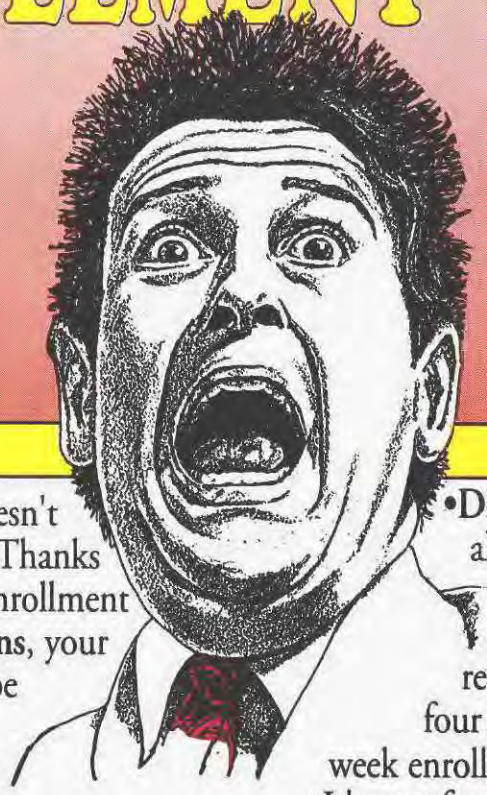

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1993 revenues

Total $413,922
EAP services 35%
Managed mental health care services 65%

Services began: 1990.
Parent: United Wisconsin Services Inc.
For profit.
Assessments & treatments: Standard services, including assessment/treatment of physical and sexual abuse, gambling problems and mental health problems such as depression.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness.
Educational/general services: Standard services, including prenatal case management for high-risk pregnancies.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.
Service area: Nationwide.
Reporting: Quarterly, annually.
Billing: Capitated fee, $1.80 to $2 per employee per month; fee for service.
Officers: Thomas R. Hefty, chairman/CEO; Roger A. Formisano, president; Mary Traver, vp/secretary; Edward Mordy, vp; Richard Christenson, vp/medical director; Gail Hanson, treasurer.
Contact: Paul Ruklic, director-sales/marketing.

Metroplex Psych Network

12201 Merit Drive, Suite 800, Dallas, Texas 75251; 214-392-9962; fax: 214-392-4450

Staff

Salaried employees 5
Includes: 1 psychiatrist
Designations held: 1 MD, 1 RN
Contracted professionals 40
Includes: 10 psychiatrists, 12 psychologists, 8 social workers, 6 marriage/family/child counselors, 4 professional/mental health counselors
Designations held: 8 MSWs, 10 MDs, 2 RNs, 12 Ph.D.s

Facilities

Total 6

Mental health network/EAP clients

Total ..... NA
Lives covered at year-end 1993 25,000

Services began: 1991.
For profit.
Assessments & treatments: Stress, family/marital problems, suicide, alcohol abuse, drug/chemical abuse, adolescent treatment, depression, post-traumatic stress disorder, eating disorders, attention deficit disorder.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness.
Educational/general services: Supervisor training, psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services, including retrospective review.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Service area: Texas: Collin, Dallas and Tarrant counties.
Reporting: On request.
Billing: Capitated fee, fee for service.
Officers: Dr. James Grubbs, president/medical director; Richard Mellina, Sheldon Silk, Rebekah Bond, board members.
Contact: Glenn Burton, operations manager.

Mutual of Omaha Cos.' Integrated Behavioral Services (IBS)

Mutual of Omaha Plaza, Suite S3, Omaha, Neb. 68175; 800-488-7706; fax: 402-978-2880

Staff

Salaried employees 30
Includes: 3 psychologists, 5 social workers, 7 professional/mental health counselors
Designations held: 2 CEAPs, 5 MSWs, 4 RNs, 3 Ph.D.s
Contracted professionals 20
Includes: 15 psychiatrists, 5 psychologists
Designations held: 15 MDs, 5 Ph.D.s

Facilities

Total 1,250

EAP clients

Total 35
Lives covered at year-end 1993 22,500
Employees 7,500
Dependents 15,000

Mental health network clients

Total 650
Lives covered at year-end 1993 900,000
Employees 350,000
Dependents 550,000

Services began: 1991.
Parent: Mutual of Omaha.
For profit.
Assessments & treatments: Standard services.
Health promotion: Stress management, drug/chemical awareness, elder care.
Educational/general services: Standard services, including psychiatric disability review.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Service area: Nationwide.
Reporting: Quarterly.
Billing: Flat fee, capitated fee, fee for service.
Officers: Tom Skutt, chairman/CEO; John Weekly, president/COO; Randy Horn, senior executive vp-group operation; William Ford, vp/director-Integrated Behavioral Services.
Contact: Patrick Hoke, product service representative.

N

National Resource Consultants Inc.

2835 Camino del Rio South, Suite 300, San Diego, Calif. 92108; 619-291-0330; fax: 619-692-4305

Staff

Salaried employees 60
Includes: 1 psychiatrist, 10 social workers, 13 marriage/family/child counselors, 4 professional/mental health counselors
Designations held: 2 CEAPs, 23 MSWs, 1 CAC, 1 MD, 4 RNs, 2 Ph.D.s
Contracted professionals 765
Includes: 1 psychiatrist, 122 psychologists, 319 social workers, 323 marriage/family/child counselors
Designations held: 642 MSWs, 1 MD, 122 Ph.D.s

EAP clients

Total 90
Lives covered at year-end 1993 231,000
Employees 105,000
Dependents 126,000

Mental health network clients

Total 10
Lives covered at year-end 1993 57,000
Employees 26,000
Dependents 31,000

Services began: 1984.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services.
Educational/general services: Standard services.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Service area: 46 states and Canada.
Reporting: Monthly, quarterly.
Billing: Flat fee, capitated fee, fee for service.
Officers: Nicholas M. Krnich, president/CEO; Florenza Krnich, assistant executive director-marketing/special projects.
Contact: Nicholas Krnich.

Newbridge Consultation

585 Stewart Ave., Garden City, N.Y. 11530; 516-222-1221; fax: 516-222-2915

Staff

Salaried employees 13
Includes: 1 psychiatrist, 10 social workers
Designations held: 3 CEAPs, 10 MSWs, 2 CACs, 1 MD
Contracted professionals 1
Includes: 1 social worker
Designations held: 1 CEAP, 1 MSW, 1 CAC

EAP clients

Total 12
Lives covered at year-end 1993 25,000
Employees 10,000
Dependents 15,000

Mental health network clients

Total 1
Lives covered at year-end 1993 3,600
Employees 1,200
Dependents 2,400

1993 revenues

Total $600,000
EAP services 90%
Managed mental health care services 10%

Services began: 1981.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, excluding nutrition/weight control.
Educational/general services: Standard services.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.
Service area: New York metropolitan area; Long Island, N.Y.
Reporting: Quarterly.
Billing: Capitated fee, fee for service.
Officers: Lawrence Eisenberg, president; Ellen Eisenberg.
Contact: Lawrence Eisenberg.

North, Clawson & Bolt Ltd.

66 E. Main, P.O. Box 593, Moorestown, N.J. 08057-0593; 609-273-8118; fax: 609-273-6656

Staff

Salaried employees 9.2
Includes: 3 psychologists, 1 marriage/family/child counselor, 1 physician
Designations held: 1 CEAP, 1 MSW, 1 MD, 3 Ph.D.s
Contracted professionals 208
Includes: 2 psychiatrists, 91 psychologists, 86 social workers, 27 marriage/family/child counselors, 2 physicians
Designations held: 3 CEAPs, 86 MSWs, 2 MDs, 2 RNs, 107 Ph.D.s

Facilities

Total 21

EAP clients

Total 6
Lives covered at year-end 1993 103,675
Employees 37,000
Dependents 66,675

Mental health network clients

Total 4
Lives covered at year-end 1993 82,350
Employees 29,000
Dependents 53,350

1993 revenues

EAP services 30%
Managed mental health care services 70%

Services began: 1984.
For profit.
Assessments & treatments: Standard services.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, elder care.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services, including workers compensation services.
Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.
Specialties: Self-insured, multi-site companies.
Service area: Nationwide.
Reporting: Quarterly.
Billing: Capitated fee, fee for service.
Officers: Ronald J. North, president; Russell A. Bolt, COO.
Contact: Carol Hynes.

P

Personal Assistance Services (PAS)

9735 Landmark Parkway, Suite 17, St. Louis, Mo. 63127; 314-842-6223 or 800-356-0845; fax: 314-842-6124

Staff

Salaried employees 14
Includes: 15 social workers, 4 professional/mental health counselors
Designations held: 3 CEAPs, 15 MSWs, 4 CACs, 1 MD, 1 Ph.D.
Contracted professionals 2
Includes: 1 psychiatrist, 1 psychologist
Designations held: 1 MD, 1 Ph.D.

EAP Clients

Total 100

Mental health network clients

Total 10

1993 revenues

EAP services 67%
Managed mental health care services 33%

Services began: 1982.
For profit.
Assessments & treatments: Standard services, including critical incident stress treatment.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services.
Utilization review: Standard services, including medical management.
Counseling sites: EAP/mental health care facilities.
Service area: Illinois: Jersey, Macoupin, Madison and St. Clair counties; Missouri: Franklin, Jefferson, Lincoln, St. Charles, St. Louis and Warren counties, city of St. Louis.
Reporting: Quarterly, on request.
Billing: Flat fee, capitated fee, fee for service, fee per case.
Officers: Susan Skinner, president; Dr. Ann Montgomery, medical director.
Contact: Susan Skinner.

Perspectives Ltd.

111 N. Wabash, Suite 1620, Chicago, Ill. 60602; 800-456-6327; fax: 312-558-1570

Staff

Salaried employees ..... NA
Includes: 2 psychiatrists, 1 psychologist, 18 social workers, 7 professional/mental health counselors
Designations held: 7 CEAPs, 18 MSWs, 10 CACs, 2 MDs, 1 Ph.D.
Contracted professionals 145
Includes: 12 psychiatrists, 37 psychologists, 85 social workers, 11 professional/mental health counselors
Designations held: 40 CEAP, 85 MSWs, 63 CACs, 12 MDs, 37 Ph.D.s

Facilities

Total 720

EAP clients

Total 57
Lives covered at year-end 1993 175,000
Employees 55,000
Dependents 120,000

Mental health network clients

Total 5
Lives covered at year-end 1993 30,000
Employees 10,000
Dependents 20,000

1993 revenues

Total $2,100,000
EAP services 60%
Managed mental health care services 20%

Services began: 1985.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities.
Specialties: Health care, educational entities, unions, manufacturers.
Service area: Portions of Alabama, Arizona, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington and Wisconsin; Montreal and Toronto, Canada.
Reporting: On request.
Billing: Capitated fee.
Officers: Bernard S. Dyme, president; Judith Bank, vp-clinical services; Jeffrey Blaine, vp-administrative; W. Leighton Clark, vp-EAP services.
Contact: Terry Cahill, marketing director.

Pine Rest Christian Hospital

300 68th St. S.E., Grand Rapids, Mich. 49501; 616-455-5000

Staff

Salaried employees 735
Includes: 4 psychiatrists, 22 psychologists, 27 social workers
Designations held: 1 CEAP, 27 MSWs, 4 MDs, 22 Ph.D.s

Facilities

Total 11

EAP clients

Total 38

Services began: 1910.
Not for profit.
Assessments & treatments: Standard services, including care for sexual abuse, eating disorders, attention deficit/hyperactivity disorder.
Health promotion: Stress management, alcohol awareness, drug/chemical awareness, elder care, critical incident debriefing.
Educational/general services: Standard services.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.
Service area: Illinois: Chicago; Iowa: Des Moines and Pella; Western Michigan.
Reporting: Quarterly.
Billing: Capitated fee.
Officers: Daniel Holwerda, CEO; Dr. Roger Sider, medical director; Douglas Vance, director-managed care.
Contact: Karen Klemm, EAP Administrator, 616-455-5000, ext. 2373.

Plan 21 Inc.

4550 Post Oak Place Drive, Suite 341, Houston, Texas 77027; 713-621-6500 or 800-622-7276; fax: 713-621-6560

Staff

Salaried employees 24
Includes: 1 psychiatrist, 1 psychologist, 5 social workers, 2 professional/mental health counselors
Designations held: 2 CEAPs, 5 MSWs, 2 CACs, 1 MD, 1 RN, 1 Ph.D.
Contracted professionals 7
Includes: 1 psychiatrist, 1 psychologist, 3 social workers, 2 professional/mental health counselors
Designations held: 2 CEAPs, 2 MSWs, 1 CAC, 1 MD, 1 Ph.D.

Continued on next page

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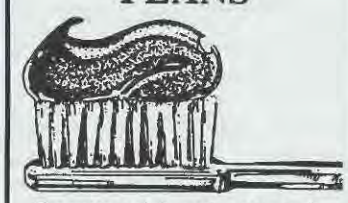

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Continued from previous page

Facilities

Total 4

EAP clients

Total 48
Lives covered at year-end 1993 94,500
Employees 27,000
Dependents 67,500

Mental health network clients

Total 24
Lives covered at year-end 1993 150,500
Employees 43,000
Dependents 107,500

1993 revenues

EAP services 50%
Managed mental health care services 50%

Services began: 1985.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, excluding nutrition/weight control, elder care.
Educational/general services: Standard services.
Utilization review: Standard services, including in-home treatment, family-based and support group case management.
Counseling sites: Selected worksites, EAP/mental health care facilities, physicians' offices, phone counseling.
Specialties: Law firms, utilities, oil and gas companies, high-profile corporate clients, governmental and educational entities.
Service area: Arkansas, Louisiana, Mississippi, Texas; limited services offered in 40 additional states.
Reporting: Quarterly.
Billing: Capitated fee, fee for service.
Officers: Joseph F. Madonia, president; Stephen N. Luppino, vp-finance; Robert L. Belichick, vp-marketing/sales.
Contact: Robert L. Belichick.

Planned Behavioral Health Care Inc. (PBHC)

9535 Forest Lane, Suite 110, Dallas, Texas 75243; 214-680-0400 or 800-866-7242; fax: 214-680-3111

Staff

Salaried employees 75
Includes: 1 psychiatrist, 2 psychologists, 2 social workers, 5 marriage/family/child counselors, 12 professional/mental health counselors, 1 physician
Contracted professionals 4,700
Includes: 2,000 psychiatrists, 1,500 psychologists, 800 social workers, 400 professional/mental health counselors

Facilities

Total 500

EAP clients

Total 50
Lives covered at year-end 1993 240,000
Employees 100,000
Dependents 140,000

Mental health network clients

Total 500
Lives covered at year-end 1993 190,000
Employees 100,000
Dependents 90,000

Services began: 1984.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: All worksites (critical incident debriefing and educational sessions), EAP/mental health care facilities, physicians' offices, phone counseling.
Specialties: Corporate entities, including health care and high tech.
Service area: Nationwide, Australia, Mexico.
Reporting: Quarterly.
Billing: Flat fee, capitated fee.
Officers: Joyce A. Ramay, president/CEO; Donna McFaul, executive vp-corporate/client relations; Steve Embree, CFO; Jim Sanders, director-clinical services; Dr. Roland Anderson, medical director; Sharon Job, clinical director; Jim Laney, corporate psychologist.

Post Trauma Resources

1830 Bull St., Columbia, S.C. 29201; 803-765-0700; fax: 803-765-1607

Staff

Salaried employees 8
Designations held: 4 MSWs, 1 Ph.D.

Facilities

Total 1

1993 revenues

Total $500,000
EAP services 50%
Managed mental health care services 15%

Services began: 1985.
For profit.
Assessments & treatments: Stress, occupational problems, work-related trauma, workplace violence.
Health promotion: Stress management.
Educational/general services: Employee education, psychiatric workers comp review.
Counseling sites: All worksites, EAP/mental health care facilities.
Service area: Nationwide.
Reporting: On request.
Billing: Flat fee, fee for service.
Officers: Lawrence H. Bergmann, Timothy Barnett-Queen, directors.
Contact: Lawrence H. Bergmann.

Preferred Mental Health Management Inc.

PMHM Building, 2601 E. Central, Wichita, Kan. 67214; 800-776-4357; fax: 316-681-2584

Staff

Salaried employees ..... NA
Includes: 5 psychologists
Designations held: 5 Ph.D.s
Contracted professionals 10,000
Includes: 2,000 psychiatrists, 6,000 psychologists, 2,000 social workers
Designations held: 2,000 MSWs, 2,000 MDs, 6,000 Ph.D.s

Facilities

Total 1,450

EAP clients

Total 18
Lives covered at year-end 1993 115,000
Employees 50,000
Dependents 65,000

Mental health network clients

Total 17
Lives covered at year-end 1993 570,000
Employees 300,000
Dependents 270,000

1993 revenues

Total $1,500,000
EAP services 30%
Managed mental health care services 70%

Services began: 1988.
For profit.
Assessments & treatments: Stress, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns, adolescent treatment, head injury assessment.
Health promotion: Drug/chemical awareness.
Educational/general services: Psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Phone counseling, PPO offices/facilities.
Service area: Nationwide.
Reporting: Quarterly.
Billing: Flat fee.
Officers: Les Ruthuen, president; Courtney Ruthuen, senior vp; Beth Snyder, vp-marketing; Laura Moore, vp-operations; Douglas Mould, director-clinical services.

Professional Psychology Services

1 Rittenhouse Square, Suite 401, Philadelphia, Pa. 19103; 215-567-1306; fax: 215-567-1113

Staff

Contracted professionals 11
Includes: 2 psychiatrists, 4 psychologists, 1 social worker, 2 marriage/family/child counselors, 2 professional/mental health counselors
Designations held: 1 CEAP, 1 MSW, 1 CAC, 2 MD, 4 Ph.D.s

Facilities

Total 2

EAP clients

Lives covered at year-end 1993 2,100
Employees 1,300
Dependents 800

1993 revenues

EAP services 30%
Managed mental health care services 40%

Services began: 1980.
For profit.
Assessments & treatments: Standard services, excluding care related to legal and financial concerns.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Employee education, supervisor training, workplace problem identification, psychiatric disability review, psychiatric workers comp review.
Utilization review: Outpatient precertification, case management.
Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.
Specialties: Professional, corporate and midsize entities.
Service area: Southern New Jersey; Pennsylvania: Bucks, Delaware, Montgomery and Philadelphia counties.
Reporting: Monthly, on request.
Billing: Flat fee, capitated fee, fee for service, fee per case.
Officers: Marion R. Frank, James Conaway.
Contact: Marion R. Frank.

Prudential Psychiatric Management

56 N. Livingston Ave., Roseland, N.J. 07068; 201-716-3304; fax: 201-716-8497

Facilities

Total 2,473

Services began: 1991.
Parent: Prudential Insurance Co. of America.
For profit.
Assessments & treatments: Standard services, including all mental health/substance abuse issues.
Health promotion: Standard services, including physical fitness/exercise, women's issues.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: All worksites, clients' headquarters, EAP/mental health care facilities, physicians' offices, phone counseling.
Service area: Nationwide.
Reporting: Quarterly.
Officers: Dr. Richard Kunnes, president; Orrin Feingold, CFO; Seth Bernstein, national director-clinical operations; Dr. Mitch Young, medical director-Houston operations; Dr. Bill Lyons, medical director-Horsham operations.
Contact: David Rudolph.

PsychAdvantage Inc.

6377 Riverside Ave., Suite 170, Riverside, Calif. 92506; 800-777-7924; fax: 909-683-8099

Staff

Salaried employees 12
Includes: 1 psychologist, 1 marriage/family/child counselor
Contracted professionals 487
Includes: 126 psychiatrists, 108 psychologists, 110 social workers, 143 marriage/family/child counselors

Facilities

Total 69

Mental health network clients

Lives covered at year-end 1993 44,000
Employees 20,000
Dependents 24,000

1993 revenues

Total $493,000
Managed mental health care services 100%

Services began: 1990.
For profit.
Assessments & treatments: Stress, occupational problems, family/marital problems, suicide, alcohol abuse, drug/chemical abuse, financial concerns, adolescent treatment, geriatric services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services, including tracking and payment of authorized services.
Counseling sites: All worksites, mental health care facilities, physicians' offices.
Specialties: Seniors and HMOs.
Service area: Arizona, California, Nevada.
Reporting: Monthly, on request.
Billing: Flat fee, capitated fee, fee for service.
Officers: Brad Rafuse, president; Steven Wildish, operations; Jose Fuentes, development program.
Contact: Brad Rafuse.
EAP services are not available.

T

Telos Occupational Services

1865 N. Ridge Road, Suite C, Lorain, Ohio 44055; 216-277-1112; fax: 216-277-1109

Staff

Salaried employees 6
Includes: 3 social workers, 1 professional/mental health counselor
Designations held: 3 MSWs, 2 CACs

EAP clients

Total 4
Lives covered at year-end 1993 18,000
Employees 7,200
Dependents 10,800

Mental health network clients

Total 1
Lives covered at year-end 1993 8,740
Employees 3,800
Dependents 4,940

Services began: 1989.
For profit.
Assessments & treatments: Standard services, excluding care related to legal problems.
Health promotion: Smoking cessation, stress management, alcohol awareness, drug/chemical awareness.
Educational/general services: Standard services.
Utilization review: Standard services, including central diagnostic and referral.
Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling.
Service area: Ohio.
Reporting: Monthly, quarterly, annually, on request.
Billing: Flat fee, capitated fee, fee for service.
Officers: Donald G. Cook, president; William F. Vanek, COO.
Contact: Donald Cook.

U

USA Health Network Co. Inc.

7301 N. 16th St., Suite 201, Phoenix, Ariz. 85020; 602-371-3860; fax: 602-861-2805

Staff

Salaried employees 15
Contracted professionals 11,000
Includes: 1,650 psychiatrists, 3,850 psychologists, 5,500 social workers/marriage-family-child/professional/mental health counselors

Facilities

Total 700

Continued on next page

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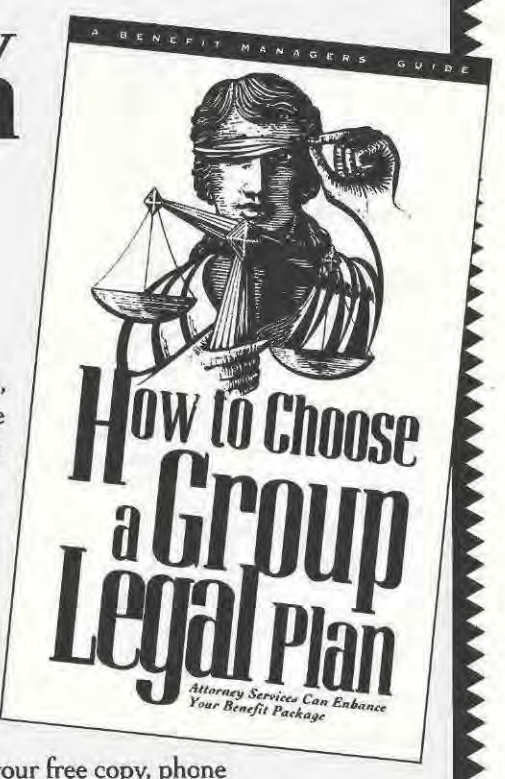

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Continued from previous page

Mental health network clients

Total	483
Lives covered at year-end 1993	NA
Employees	130,000

Parent: USA Health Holding Inc.
For profit.
Assessments & treatments: Standard services.
Utilization review: Standard services.
Counseling sites: All worksites, mental health care facilities, physicians' offices.
Service area: Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington.
Reporting: On request.
Billing: Capitated fee, fee for service.
Officers: George Bogle, chairman/CEO; Larry Hinson, CFO; Arden Taber, senior vp-marketing; Laura Dickson, senior vp-payor relations; Connie Collins, vp-health services.
Contact: Karen Blaum, executive assistant.
EAP services are not available.

V

VMC Behavioral Healthcare

100 S. Greenleaf, Gurnee, Ill. 60031; 708-249-1900; fax: 708-249-2772

Staff

Salaried employees	112
Includes: psychiatrists, psychologists, social workers, marriage/family/child counselors, professional/mental health counselors, physicians	
Designations held: CEAPs, MSWs, CACs, MDs, RNs, Ph.D.s	
Contracted professionals	3,500
Includes: psychiatrists, psychologists, social workers, marriage/family/child counselors, professional/mental health counselors, physicians	
Designations held: CEAPs, MSWs, CACs, MDs, RNs, Ph.D.s	

Facilities

Total	500

EAP clients

Total	160
Lives covered at year-end 1993	1,618,500
Employees	503,400
Dependents	1,115,100

Mental health network clients

Total	10
Lives covered at year-end 1993	52,000
Employees	16,300
Dependents	35,700

Services began: 1976.
For profit.
Assessments & treatments: Standard services, including child and elder care.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services, including psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: Selected worksites, EAP/mental health care facilities, phone counseling, locations of convenience.
Service area: Nationwide and international.
Reporting: Quarterly.
Billing: Capitated fee.
Officers: Mary Vasquez, president; Luis Vasquez, CFO; Peter Jacobs, vp-sales/marketing; Pat McCluskey, director-operations; Dick McCrary, director-human resources.
Contact: Peter Jacobs.

Value Behavioral Health Inc.

3110 Fairview Park Drive, Falls Church, Va. 22042; 703-205-7000; fax: 703-560-2475

Staff

Salaried employees*	1,555
Includes: 42 psychiatrists, 60 psychologists, 287 social workers, 22 marriage/family/child counselors, 28 professional/mental health counselors	
*Designations held***: 3 CEAPs, 287 MSWs, 12 CACs, 42 MDs, 138 RNs, 37 Ph.D.s	
Contracted professionals*	35,524
Includes: 6,546 psychiatrists, 13,950 psychologists, 11,956 social workers, 2,292 marriage/family/child-professional/mental health counselors	
*Designations held***: 11,956 MSWs, 6,546 MDs, 342 RNs, 13,950 Ph.D.s	

Facilities

Total	2,593

EAP clients

Total	343
Lives covered at year-end 1993	2,110,163
Employees	1,366,852
Dependents***	743,311

Mental health network clients

Total	127
Lives covered at year-end 1993	12,794,859
Employees	8,011,787
Dependents***	4,783,072

1993 revenues

Total	$164,643,000
EAP services	7.1%
Managed mental health care services	88.5%

** Staff figures from 4/94.*
*** MSW designation figures include LSWs.*
**** Dependent lives covered by acquisition of Burke-Taylor Associates Inc. not included.*

Services began: 1983.
Parent: Value Health Inc.
For profit.
Assessments & treatments: Standard services.
Health promotion: Elder care.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services.
Counseling sites: EAP/mental health care facilities, physicians' offices, phone counseling.
Specialties: Unions, transportation.
Service area: Nationwide.
Reporting: Quarterly.
Billing: Flat fee, capitated fee, fee for service.
Officers: Matt Thomas, president/CEO; Rick Lee, executive vp-strategic planning/development; George Neidich, COO; Steve Scheidt, executive vp-sales/marketing.
Contact: Jabeen Hussain, marketing assistant.

W

WGI Consulting & Training

24800 Denso Drive, Suite 255, Southfield, Mich. 48034; 810-351-7890; fax: 810-351-7896

Staff

Salaried employees	15
Includes: 4 psychologists, 3 social workers, 3 marriage/family/child counselors, 1 physician	
Designations held: 5 CEAPs, 3 MSWs, 1 MD, 3 Ph.D.s	
Contracted professionals	150

EAP clients

Total	75
Lives covered at year-end 1993	215,000
Employees	55,000
Dependents	160,000

Mental health network clients

Total	12
Lives covered at year-end 1993	90,000
Employees	23,000
Dependents	67,000

1993 revenues

Total	$1,500,000

Services began: 1982.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services.
Counseling sites: EAP/mental health care facilities, physicians' offices, phone counseling.
Specialties: Small to midsize organizations.
Service area: Nationwide.
Reporting: Quarterly, annually.
Billing: Flat fee, capitated fee, fee for service.
Officers: Delores C. Tripp, president; Lucius Theus, treasurer; Dr. Lucius C. Tripp, Paola De Sandre, vps.

Gary L. Wood & Associates P.A.

4700 N. Habana Ave., Suite 300, Tampa, Fla. 33614; 813-870-0392

Staff

Salaried employees	7
Includes: 2 psychologists, 1 professional/mental health counselor	
Designations held: 2 Ph.D.s	
Contracted professionals	1,500
Includes: 300 psychiatrists, 450 psychologists, 300 social workers, 150 marriage/family/child counselors, 300 professional/mental health counselors	
Designations held: 375 CEAPs, 375 MSWs, 300 CACs, 300 MDs, 150 RNs, 450 Ph.D.s	

Facilities

Total	50

EAP clients

Total	40
Lives covered at year-end 1993	100,000
Employees	40,000
Dependents	60,000

Mental health network clients

Total	5
Lives covered at year-end 1993	37,000
Employees	15,000
Dependents	22,000

1993 revenues

Total	$657,036
EAP services	60%
Managed mental health care services	40%

Services began: 1992.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, excluding nutrition/weight control.
Educational/general services: Standard services, including psychiatric disability review, psychiatric workers comp review.
Utilization review: Standard services, including bill review and payouts.
Counseling sites: EAP/mental health care facilities, physicians' offices, phone counseling, critical stress debriefing at worksite.
Service area: Alabama, Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Illinois, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, Utah, Virginia.
Reporting: Monthly, quarterly, annually.
Billing: Flat fee.
Officers: Gary L. Wood.

Y

Yost Inc.

Bentley-Settle Building, 6th Floor, 120 Walton St., Syracuse, N.Y. 13202; 315-425-1716; fax: 315-425-1808

Staff

Salaried employees	9
Includes: 0.5 psychiatrists, 2 psychologists, 4 social workers, 1 marriage/family/child counselor, 1 professional/mental health counselor	
Designations held: 3 CEAPs, 4 MSWs, 4 CACs, 1 MD	
Contracted professionals	236
Includes: 3 psychiatrists, 20 psychologists, 123 social workers, 15 marriage/family/child counselors, 75 professional/mental health counselors	
Designations held: 35 CEAPs, 123 MSWs, 34 CACs, 3 MDs, 2 RNs, 20 Ph.D.s	

Facilities

Total	175

EAP clients

Total	1,500
Lives covered at year-end 1993	250,000
Employees	80,000
Dependents	170,000

Mental health network clients

Total	12
Lives covered at year-end 1993	17,000
Employees	5,000
Dependents	12,000

1993 revenues

Total	$831,529
EAP services	92%

Services began: 1983.
For profit.
Assessments & treatments: Standard services.
Health promotion: Standard services, including physical fitness/exercise.
Educational/general services: Standard services.
Utilization review: Standard services.
Counseling sites: All worksites, EAP/mental health care facilities, phone counseling.
Service area: Nationwide.
Reporting: Quarterly.
Billing: Flat fee, capitated fee.
Officers: William H. Yost, president; Robert J. Brown, vp.
Contact: Robert J. Brown.

Standard assessments and treatments include stress, occupational problems, family/marital problems, suicide, alcohol abuse, legal problems, drug/chemical abuse, financial concerns and adolescent treatment.

Standard health promotion services include smoking cessation, nutrition/weight control, stress management, alcohol awareness, drug/chemical awareness, AIDS awareness and elder care.

Standard educational/general services include employee education, supervisor training, drug-free workplace regulatory adherence and workplace problem identification.

Standard utilization review services include inpatient and outpatient precertification, concurrent review and case management.

Employee assistance program listings begin on page 22. Directory terms and methodology are explained on page 23.

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The Health Care Information Resource section is an editorial compilation of current informational and educational materials on topics of interest to employee benefit and insurance executives.

The listings are published as an editorial service by *Business Insurance*; there is no charge to list material in the section.

All items are offered free of charge to *Business Insurance* readers. To receive any of the material listed in this special section, please write the key numbers of the items you want on the reader service coupon that appears on this page. Fill out the remainder of the coupon and mail it to: *Business Insurance* Reader Service Center, 650 S. Clark St., Sixth Floor, Chicago, Ill. 60605-1702.

All requests for free material must be received before **Aug. 22** to be processed.

■ Sunderbruch/ENCOMPASS Health Management Systems offers an article outlining key points and procedures that employers should consider before redesigning their employee benefits programs in **preparation for health care reform**. Request item 3101.

■ Applied Benefits Research Inc. offers employers a **free COBRA cost containment/checkup kit** to evaluate COBRA coverage operations, spot compliance problems and potential liabilities and uncover savings opportunities. Request item 3102.

■ A prenatal management program incorporating assessment, intervention and education to **reduce the incidence and associated cost of high-risk newborns** is overviewed in an article from Meridian Resource Corp. Request item 3103.

■ A directory of **dental health maintenance organizations nationwide** with information on sales, service area and licensing authority, is available from the National Assn. of Prepaid Dental Plans. Request item 3104.

■ Tips for **finding help for individuals with Alzheimer's disease** are contained in a brochure that is available from Kelly Assisted Living Services Inc. Request item 3105.

■ A bulletin analyzing the **importance of quality in health care** and the potential effects of health care reform on quality is available from The Alexander Consulting Group Inc. Request item 3106.

■ A description of **managed care as a change in focus** is given in an article from Sunderbruch/ENCOMPASS. Request item 3107.

■ Information on an **alternative health care program** offering cost containment features similar to a health maintenance organization is contained in a kit available from Admar Corp. Request item 3108.

■ A brochure from Dental Network of America provides information on value-added products designed to aid beneficiaries of **Medicare supplement policies** with discounts on dental, vision, hearing and prescription drug services. Request item 3109.

■ A **high-risk maternity program kit** containing worksheets to evaluate costs and materials to start a program is available from Mid-America Coalition on Health Care. Request item 3110.

■ A set of nine health education handouts advising parents on **how to promote healthy lifestyles to children** is offered by Northwestern National Life Insurance Co. Request item 3111.

■ Behavioral Health Inc. offers a compilation of their experience in **developing cost-effective and comprehensive managed mental health programs** for corporate and institutional purchasers. Request item 3112.

■ BNA Books offers a **COBRA fact sheet for employers** that explains eligibility, options and deadlines for electing COBRA benefits. Request item 3113.

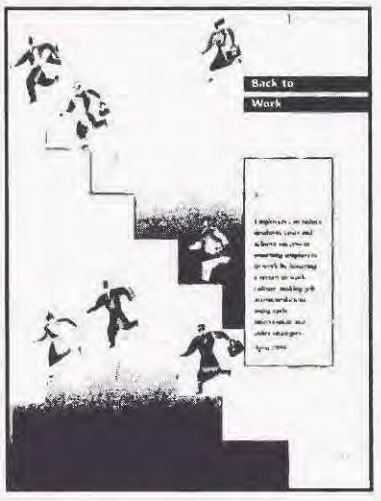
■ A **sample hospital cost index report** that compares a provider's specific charges with state averages for overall inpatient and outpatient services is provided by Meridian Resource Corp. Request item 3114.

■ A brochure introducing **direct reimbursement for dental benefits** as a cost-saving strategy for employers is offered by the California Dental Assn. Request item 3115.

■ Sunderbruch/ENCOMPASS provides an article discussing the use of managed care to control the cost of **maternal and infant health services.** Request item 3116.

■ MEDEX Assistance Corp. offers a brochure detailing **medical and travel-related assistance services** for companies whose employees engage in international travel. Request item 3117.

■ Dental Network of America offers a brochure describing various **dental benefit products**. Request item 3118.



■ A study examining the costs, trends and outcomes of long-term disability claims referred for case management, and methods of early intervention to **reduce disability costs and return employees to work** is available from Northwestern National Life Insurance Co. Request item 3119.

■ The National Assn. of Psychiatric Health Systems provides up-to-date information on **trends in mental health care delivery** in a 24-page, full-color report. Request item 3120.

■ The importance of an effective **health care claims auditing program** for self-insured companies is addressed in an article available from Meridian Resource Corp. Request item 3121.

■ A pamphlet containing a glossary of commonly used **terms in the health care industry** is offered by Kelly Assisted Living Services. Request item 3122.

■ Admar Corp. provides a flier describing **Prenatal Partners, a maternity management program** that supplies specialized wellness services to expectant mothers to help prevent costly complications and C-section births. Request item 3123.

■ The roles of **managed care and quality care** in health care reform is presented in an article from Sunderbruch/ENCOMPASS. Request item 3124.

■ The Mid-America Coalition on Health Care provides an article on reaching **high-risk, high-cost employees** with preventive health care programs. Request item 3125.

■ BCS Insurance Co. provides a brochure explaining how employer participation in an **organ and bone marrow transplant pool** can protect its stop-loss coverage and self-insured retentions from being hit by large transplant claims. Request item 3126.

■ A series of case studies illustrating how companies achieve health plan savings through **managed care, medical case management and employee communication programs** is offered by Northwestern National Life Insurance Co. Request item 3127.

■ An article from Behavioral Health Inc. describes the process and criteria for **selecting a managed mental health care vendor,** as well as different care models. Request item 3128.

■ Sunderbruch/ENCOMPASS offers an article on safety and cost of a **vaginal birth after a Caesarean section,** rather than automatically opting for another C-section. Request item 3129.

■ The Alexander Consulting Group Inc. provides a bulletin exploring the **economics of health care reform,** the issues affecting plan sponsors and the market forces driving change in the medical industry. Request item 3130.

■ A listing of materials published regarding **health care topics of interest to older adults and their families** is offered by Kelly Assisted Living Services Inc. Request item 3131.

■ A booklet describing **health risk assessment technology** and employee wellness products is available from StayWell Health Management. Request item 3132.

■ A plan describing how companies target **health care cost containment** in workers comp, high-risk maternity and wellness promotion is provided by Mid-America Coalition on Health Care. Request item 3133.

■ Reducing **costs of untreated depressive illnesses** is the focus of an article from the National Foundation for Depressive Illness. Request item 3134. BI

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Renewals

Continued from page 1

District of Columbia and Illinois. With all the publicity going on in Washington related to health care reform, many providers have decided it's a good time to keep a low profile."

Other experts say health plan operators are not lying low but positioning themselves for the changing face of health care.

"Anticipation over major health care reform is fueling the battle over market share," said Denise Grandmont, vp-financial services for Prudential Insurance Co. of America in Roseland, N.J.

Insurers and HMOs are trying to single out markets where they can negotiate alliances with providers to build a strong presence, she said. Merger and acquisition activity is up as health plans try to boost membership.

"I don't think everyone wants to be national, but very localized companies will reach out to be more regional," Ms. Grandmont said.

Another reason that premium hikes are moderating on renewal is the slackening pace of health care inflation.

The medical component of the Consumer Price Index increased 5.4% in 1993, down from a 6.6% hike in 1992, according to the Bureau of Labor Statistics. By comparison, the overall CPI increased 2.7% last year, down from 2.9% in 1992.

Medical cost increases are continuing to slow in 1994.

The medical component of the CPI rose by only 4.9% during the 12-month period ending in April 1994, compared with a general inflation rate of 2.4% during the same period.

An Alexander & Alexander Consulting Group Inc. study of average annualized medical trend rates found that the trend for all types of medical plans dropped during the fourth quarter of 1993 and the first quarter of 1994. The trend for a comprehensive major medical plan with a deductible and inpatient utilization review dropped to 18.5% from 19%. The PPO trend dropped to 14.7% from 15.6%, while the POS plan trend fell to 10.9% from 12.2% and the HMO trend slipped to 9.5% from 10.3%.

Health insurers use these trends when setting premium increases, though often that actual increase quoted by an insurer differs from the trend. Trends take into account the different factors that cause health insurance premiums to rise, including medical inflation, new technology and cost shifting by providers.

Consultant KPMG Peat Marwick calculates the trend for indemnity plans at 17%, the PPO trend at 14%, the POS trend at 9% and the HMO trend at 8% (see chart, page 1).

Aetna Health Plans is basing its rates on single-digit trends for all types of health plans, including indemnity plans, said Charles T. Bell, senior vp-finance and risk for the Hartford, Conn.-based unit of Aetna Life & Casualty Co.

The insurer's HMO trend stands between 0% and 5%, while the point-of-service plans trend is slightly higher at 2% to 6%, he said. The PPO trend ranges from 5% to 7%, while the trend for fee-for-service programs is 8% to 10%.

Mr. Bell attributes the slowdown in health care inflation to increased efficiency and experience in the managed care marketplace and "the Hillary factor." Insurers and health care providers want to "lay low and take costs off the table."

Oakland, Calif.-based Kaiser Permanente, the nation's largest HMO, will raise premiums at mid-year an average of 2.8%, said Dick Anderson, vp of marketing support.

"For 1995, we may have decreases on average in virtually all regions," Mr. Anderson said. "We have made great strides in reducing our cost structure. The payoff was realized this year and will be for several years to come."

CIGNA Corp.'s indemnity plan premium increases will range from the "lower to mid-teens," said Chris Doerr, senior vp and chief financial officer of CIGNA HealthCare Inc. in Hartford, Conn.

And, employers that purchase other group benefit plans from CIGNA, like dental or life insurance programs, will see lower increases, he noted. "Package benefits are into the high single or low double digits."

CIGNA's HMO premium increases are ranging from 2% to 6%, Mr. Doerr said.

Some employers are seeing renewal bargains even before they begin actual negotiations.

Bob Bonin, manager of benefits administration at First Chicago Corp., believes premiums will hold steady or decrease for his Jan. 1, 1995, renewal. The bank holding company renewed with one HMO last year at expiring rates and received a 6% reduction this year from another.

First Chicago also has been approached by health care providers interested in contracting directly with the company, which self-insures its indemnity program. While the quotes have not been favorable, Mr. Bonin does consider the interest a sign of the times.

"We only have 16,000 members," he said. "What are they saying to Humana or Prudential with 1 million or 2 million members if they are willing to talk discounting rates with us?"

Mr. Bonin said he is actively pursuing purchasing alliances with other employers, which he believes can result in better deals than First Chicago can negotiate individually with HMOs.

Neele K. Ranade, vp of Actuarial Sciences Associates Inc., the Somerset, N.J.-based employee benefit consulting subsidiary of AT&T Corp., has been working with a large employer that contracts with 150 HMOs. One-third of those already have quoted flat or lower rates for a Jan. 1, 1995, renewal, while two-thirds of the quotes are lower than the increase in the medical care CPI, she said.

"It's highly unusual, especially before the negotiation process," to receive such low quotes, Ms. Ranade said.

"There are price wars in some regions," Kaiser's Mr. Anderson pointed out. "No region is immune from the explosive growth of managed care."

"In the last few months, we have really seen a step up in the intensity of competition," SANUS's Mr. Keenan said. Many health plans "appear to have made a commitment to build market share. In the coming months, it will be more of a factor and will drive rates down a little more. Decreases are possible."

Others maintain, though, that employers cannot expect premiums to remain flat over the long term.

Competition is "flattening out now," Prudential's Ms. Grandmont said. "There's not much more to squeeze out of health rates. I don't think you'll ever see zero inflation in health care. The population is still getting older and new technology is still being developed. We

Continued on next page

There's Not a Shadow of a Doubt ...

PUBLISHING: JULY 18

AD CLOSING: JULY 6

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This Issue is of Prime Interest To Both Buyers and Sellers

By focusing the spotlight on the world's 20 largest brokers and the 100 largest brokers of U.S. business, the July 18 edition of *Business Insurance* will grab the attention of agents and brokers specializing in corporate insurance. And by featuring the Directory of Agents & Brokers, with its dossier on each brokers' premium volumes, gross revenues and other vital statistics, this issue will be saved as a year-long reference source for corporate insurance buyers.

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Continued from previous page
can't control that."

"We are at the bottom now," said Michael Gross, division vp with The Travelers Insurance Co. in Hartford, Conn. "We will see a gentle rise in indemnity trend over the next year," though he said trends for managed care plans are likely to remain stable.

"I really don't expect it to go lower. External forces are pushing it the other way," he said.

"It's not realistic for an HMO to have a zero trend increase," Ms. Ranade of ASA said. "These efficiencies are only good for one or two years. We may see zero for a couple of years, then a reasonable trend. If companies are doing their job well, (the trend) should be equal to the medical CPI."

One benefit manager disagrees with the assessment.

"I think the market is expanding, not bottoming out at all," countered First Chicago's Mr. Bonin. "In June, we're already seeing very attractive rates for next year, and we haven't started to negotiate yet."

Changes in the way health plans contract with physicians also are contributing to the lower rates of increase.

Some insurers are following the lead of the federal government and adopting resource-based pay scales for physicians, according to Ms. Ranade.

Under such a schedule, the huge fees collected by some specialists are reduced, while primary care physicians are often rewarded. Factors such as the time it takes to perform a service, overhead, intensity of performing the service, and the cost of specialty training and medical malpractice insurance are applied when determining reimbursement, she said.

The Utah Public Employee Health Program is contracting directly with providers for its "designated service plan," under which providers are reimbursed based on episodes of care, said Linn Baker, director of public employees' group insurance for the Utah State Retirement Board.

The plan sponsor and providers agree on a set price for specific procedures like knee or heart surgery or the normal delivery of a baby. Often, the set price includes follow-up care such as rehabilitation or physical therapy.

Employees are given a list of designated providers along with a "consumer guide" that explains symptoms, treatment options, their side-effects—and their costs. Employees have financial incentives to opt for the designated providers.

Providers are also embracing the plan, Mr. Baker said. "The provider community knows that the successful bidder will see a lot of additional volume. We're getting bids 30% below the average managed care cost."

And by educating employees about the cost of health care, the Utah program is recruiting them as managed care emissaries.

Knowing the cost the program has negotiated, patients are asking their own physicians—even if they are not designated providers—to perform the procedure for the same price.

"It's putting pressure on the doctors," Mr. Baker said. "It's worked well."

The Utah public health fund also operates its own PPO, whose costs are rising by about 3% this year, Mr. Baker said. In addition, it also contracts with a staff-model HMO, which is seeking a 2% premium increase, and an independent practice association, which is asking for a 4% increase.

Yet another reason why overall health care cost hikes are moder ating are efforts by employers t target high-cost areas of care.

"Employers are taking steps i the biggest problem areas like sub stance abuse and prescriptio drugs," said Bob Eicher, a princi pal with A. Foster Higgins & Cc Inc. in New York. "They are target ing areas whose costs were grow ing 30% to 40% annually to brin down overall cost increases."

"It's hard to put a dollar figur on what companies did five or si years ago, but we are seeing posi tive results" from wellness pro grams and smoking cessation ef forts, said Henry S. Moyer Jr., partner at Hirschfeld, Stern Moyer & Ross Inc., a New York based benefit consulting firm.

Although the health care reform debate in Washington has focuse the country's attention on healtl care, it is not dictating employers or insurers' decisions.

"No one is sitting still and wait ing," Mr. Moyer said. "Client don't like rate increases. The watch their expenses. They ar taking positive action. The longe nothing happens (in nationa health care reform legislation) more and more companies wil move into managed care to con tain their costs." BI

By pooling clout, California firms negotiate HMO quality, cost cuts

SAN FRANCISCO—Group health care purchasing efforts and managed care are paying big dividends to a coalition of large employers in Northern California.

Members of the Bay Area Business Group on Health, a consortium of 19 corporations, recently negotiated significant premium decreases and quality improvement initiatives with 17 California health maintenance organizations.

Eleven large members of the group—including BankAmerica Corp., Chevron Corp., Fireman's Fund Insurance Co., Pacific Telesis Group and Safeway Inc.—were able to negotiate HMO premium reductions averaging 5% to 10% for 1995. In 1994, HMO premiums for most employers in the group rose by about 3%, which was the average premium increase statewide for HMOs, said Tracy Rodriguez, the business group's associate director.

Terms of the 1995 negotiations also include establishing a uniform HMO benefit package for the companies' combined 300,000 employees, dependents and early retirees in California, as well as specific quality improvement measures.

"We are looking at three areas of quality improvement: customer service, quality performance and data provision," Ms. Rodriguez explained.

The employers set targets for each of the HMOs in each area. For example, the health plans must meet customer service standards, such as adequate telephone response and timely office visits, and quality measures, such as increasing mammography and pap smear rates, or the HMOs must forfeit a portion of the monthly premium that employers pay.

The Bay Area employers also want HMOs to start providing HEDIS health plan data, a set of quality performance measurements created by the National Committee for Quality Assurance, which accredits HMOs.

Bay Area Business Group members provide health benefits for 2.5 million people and spend $3 billion annually on health care. About 60% of the members' active employees in California receive treatment from an HMO.

—By Christine Woolsey

Wisconsin

Continued from page 2
tile organic compounds in the groundwater, but the groundwater contamination persisted.

The agency in 1990 asked both the city and ES&G to clean up the site, threatening them with state or federal action if they refused.

The city and ES&G sought de fense coverage from their insurers ES&G also sought coverage for an cleanup costs it may have to pay.

However, the insurers denied cov erage.

The city and ES&G sued, and th insurers countersued.

The cost of cleaning up the sit has totaled about $9 million, accord ing to attorneys involved in the case However, the city's and ES&G' share of that cost would be substan tially less and would be fully cov ered by the limits of their liabilit insurance, because the state is pur suing several other parties fo cleanup costs, said Jim Olson, partner with Lawton & Cates ir Madison who represents both th city and ES&G.

Now-insolvent Iowa National Mu tual Insurance Co. wrote ES&G' primary CGL coverage from Janu ary 1973 until January 1984. Gen eral Casualty Co. of Wisconsi wrote ES&G's primary coverag from January 1984 until Januar 1986.

Aetna Casualty & Surety Cc wrote excess coverage for ES&C from April 1974 until April 1977.

Iowa National also wrote th city's primary coverage from Apri 1977 until April 1981. General Ca sualty wrote primary coverage fo the city from April 1981 until Apri 1986.

Other insurers that wrote cover age for the city and ES&G have set tled. And, the city and ES&G agre that post-1984 policies do not apply

On the duty-to-defend argument a trial court and an appeals cour dismissed the insurers' countersuit which sought summary judgment or the grounds that the agency's and EPA's actions did not trigger the in surers' duty to defend.

However the Wisconsin Supreme Court reversed that decision and re manded that portion of the case to a lower court with instructions to grant the insurers' request for sum mary judgment.

On the issue of whether cleanup costs are damages, the trial cour ruled on behalf of the policyholders But the appellate court overturnec that decision, and the state high court affirmed the appellate ruling.

•

City of Edgerton and Edgerton Sanc & Gravel Inc. vs. General Casualty Co. of Wisconsin et al., Wisconsin Supreme Court; No. 91-1408.

A trademark dispute entitled Control Risks Group Limited, Control Risks Limited v. Corporate Risk International, Inc., Sean M. McWeeney, Case No. CA93-1494-A, was recently concluded in the United States District Court for the Eastern District of Virginia. In May 1994, a jury found that there was no likelihood of confusion between the parties' respective names, marks and logos.

Control Risks Group is a full service security consulting firm headquartered in London with North American operations headquartered in McLean, Virginia. It is the preferred contractor to the Underwriters at Lloyd's of London led by Cassidy Davis Underwriting Limited (and to those insurers which have specific reinsurance treaties with Cassidy Davis) to serve as Cassidy Davis' response team for kidnap, ransom and extortion insurance. Control Risks does not act as a kidnap, ransom and extortion response team for any other insurance company or underwriter unless released by Cassidy Davis.

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Sean M. McWeeney
President

INTERNATIONAL

Zurich customizes its growth strategy

By DON LEWIS KIRK

ZURICH, Switzerland—As Zurich Insurance Group continues to expand its reach in developing countries and safeguard its positions in Europe and North America, the Swiss company remains convinced that its strength lies in niche markets.

Existing business units are being directed toward specialized lines and targeted consumer groups. At the same time, Zurich is getting itself in on the ground floor of developing insurance markets like China, where there is excellent growth potential over the long term, said Rolf Hueppi, group president and chief executive officer.

Like other global insurers, Zurich faces diverse challenges: increased frequency of large claims; competition from European deregulation; and stricter U.S. regulation, such as new accounting and risk-based capital rules.

Rolf Hueppi

But the Swiss insurer also sees opportunities ahead, particularly in developing Eastern European and Asian markets.

"A strong position as a specialist allows Zurich to take advantage of deregulation in Europe and market changes in Eastern Europe and Asia," said Mr. Hueppi, who hopes this strategy will help his company withstand the fierce competition he sees ahead.

To meet those challenges and opportunities, he envisions a large network of local insurers offering products and services for selected market segments, built partially through acquisitions.

An example of that strategy can be seen in Zurich's reinsurance business: It offers ceding companies a choice of approaches to best

Continued on next page

Taxes stymie Zurich's 'Europolicy'

ZURICH, Switzerland—While Zurich Insurance Group can boast of many recent successes, some products have not fared as well.

In 1990, Zurich pioneered the "Europolicy": a single policy providing property, business interruption and liability coverage for companies that operate in several European nations (*BI*, July 23, 1990). The policy is an all-risk master coverage calculated in one currency, with all wording in one language, said Kurt Driecher, managing director of German, Austrian and Northern European operations.

Nonetheless, demand for the product has fallen far behind expectations. According to Zurich, part of the problem is the lack of standardized premium taxes across Europe.

"The Europolicy requires enormous adjustments for premium tax differences across Europe," Mr. Driecher said. For that reason, "many clients decided to stay with our old policy. On the other hand, corporate clients like chemical and food stuff companies do use the Europolicy. Things don't always turn out as you expect."

—By Don Lewis Kirk

WASA embroiled in credit reinsurance dispute

By MARIA KIELMAS

STOCKHOLM, Sweden—Sweden's WASA Insurance Group continues to be mired in numerous coverage disputes with its retrocessionaires over credit reinsurance claims dating from the 1980s.

Although WASA recently won a reinsurance claims dispute against Norway's Gjensidige Kredittforsikring A/S, the Norwegian company is appealing the Norwegian district court judgment and is filing a separate case against WASA in a Swedish court.

WASA is also facing litigation from Skandia International, a unit of Skandia Insurance Co. Ltd., and from Winterthur Swiss Insurance Co. over reinsurance treaties.

The legal actions were prompted by statements made two years ago by Swedish insurance regulators that they found "disorder" in the files of Swedish credit insurers—including WASA Garanti, WASA's credit insurance arm—that could exacerbate potential losses, said Rosemary Lundstrom, Skandia International's legal counsel.

The dispute with Gjensidige began when the Norwegian company questioned a reinsurance claim made by WASA International, a WASA spokesman in Stockholm said.

WASA Garanti wrote credit insurance for Paravon, a Swedish finance and real estate company. WASA Garanti fronted the coverage, reinsuring the risk with WASA International. WASA International, in turn, retroceded its share to Gjensidige.

When Paravon began to have financial difficulties in the 1980s, Gjensidige asked WASA International to arrange further collateral for the risk, said Egil Lund, managing director of Gjensidige.

"We instructed WASA Garanti to establish additional security, and they did not do it as it should have been done," Mr. Lund said. "When the client went bankrupt, there was no collateral to pay the loss, so we refused to pay the claim."

A WASA International spokesman acknowledged that no additional security was established. "WASA International cannot instruct WASA Garanti do anything," he said.

The Norwegian district court in Oslo ruled that Gjensidige must pay in full the 10 million Swedish kronor ($1.3 million) claim at issue in the case, plus interest.

According to the WASA spokesman, the ruling effectively said Gjensidige's reinsurance agreement with WASA International was a valid contract and that the Norwegian company must pay the claim.

Gjensidige has charged that WASA International and WASA Garanti are the same company.

The WASA spokesman replied that this is not so, since both companies have separate boards of directors and officers. Furthermore, WASA Garanti is a direct insurer whereas WASA International is not licensed to sell direct insurance in Sweden, he said.

But, Gjensidige's Mr. Lund rejects this argument. He said the two companies must be treated as one unit. "The judgment has nothing to do with the realities of the case."

He added that Gjensidige's main complaint, that WASA Garanti failed to establish sufficient collateral and was allegedly negligent in the handling of its underwriting, was not addressed in the decision.

The Norwegian court was only called upon to rule on whether the insurance contract between WASA International and Gjensidige was valid. The court found that the contract was valid and that the Norwegian company must pay the reinsurance claim.

Mr. Lund said the company will

Continued on next page

Bermuda bank sponsors insurance scholarship

By GAVIN SOUTER

HAMILTON, Bermuda—The Bank of Bermuda is sponsoring a $40,000 scholarship to send a student to The College of Insurance in New York.

The William D. Thomson Insurance Scholarship is named in recognition of the Bank of Bermuda executive vp, who is retiring in October.

The scholarship is a one-time award that will contribute $10,000 a year for four years for a Bermudian undergraduate to attend the college.

Mr. Thomson joined the Bank of Bermuda in 1956 and served in a variety of management positions before being named executive vp of the bank in 1990.

He had previously been instrumental in setting up the Sidney Pine scholarship to The College of Insurance in 1990 (*BI*, April 30, 1990).

"The scholarship recognizes Bill's contribution to the development of the captive insurance industry in Bermuda," said John Swain, senior manager-corporate banking at the Bank of Bermuda.

To be eligible for the scholarship, candidates must: be Bermudian, meet the College's entrance qualifications, and be willing during and on completion of studies to work in the Bermuda insurance industry. Applications should be sent to The Bermuda Insurance Institute, Ground Floor, Cedar Park, Cedar Avenue, Hamilton, Bermuda.

Cologne Re seeking a partner

COLOGNE, Germany—Colonia Group A.G. is seeking a "strategic international alliance" for its Cologne Reinsurance Co. subsidiary, says Chief Executive Claas Kleyboldt.

At a June 23 press conference, Mr. Kleyboldt confirmed reports that Germany's third-largest insurance group is in talks with reinsurance companies to find a "partner" for Cologne Re.

"Restructuring is an answer to the increasingly strong consolidation processes in the European and German insurance markets. In the end, only a few large groups with lean management structures and sales-focused distribution networks will survive," he said.

A Colonia spokesman earlier said that Employers Reinsurance Co. and General Re Corp. were among those in talks with Colonia (*BI*, June 20). Both U.S.-based reinsurers have refused to comment. Mr. Kleyboldt last week denied reports that Colonia has any preferred partner for the alliance.

Colonia also announced that profits rose 25.6% to 137.5 million deutsche marks ($79.2 million) in fiscal 1993, from 109.5 million deutsche marks ($67.6 million) in fiscal 1992.

Premium volume increased 11.3% to 13.55 billion deutsche marks ($7.8 billion) in 1993 from 12.17 billion ($7.52 billion) deutsche marks the previous year. Colonia posted an underwriting profit of 39.9 million deutsche marks ($23 million) in 1993, compared with an underwriting loss of 15.5 million deutsche marks ($9.6 million) in 1992.

The company already is optimistic about fiscal 1994 results. As of March 30, Colonia had increased gross premium by 9.6% compared with the corresponding period of 1993.

Meanwhile, Mr. Kleyboldt said a merger of the life and non-life units operated by Colonia and Nordstern Allgemeine Versicherungs A.G. is nearly complete. Colonia last year increased its stake in Nordstern to 95.4% from 58%. With that transaction, Colonia acquired a 35% stake in Nordstern from Union des Assurances de Paris for 800 million deutsche marks ($460 million). UAP owns 75% of Colonia.

—By Don Lewis Kirk

Gerling aims to expand international business

MUNICH—Gerling-Konzern Allgemeine Versicherungs A.G. is aiming to significantly increase its book of international business.

The non-life subsidiary of Gerling Group A.G., Germany's second-largest commercial insurance company, reported gross premium volume of 3.43 billion deutsche marks ($1.98 billion) for fiscal 1993, up 11% from 3.09 billion deutsche marks in fiscal 1992 ($1.91 billion).

Non-German business accounted for 30% of Gerling's non-life premium volume in fiscal 1993.

Gerling Group Chief Executive Juergen Zech said at the company's recent annual general meeting that he wants the majority of its non-life premiums to come from outside Germany.

Rejecting a strategy of "active acquisition" to achieve that objective, Mr. Zech said Gerling will increase existing business to meet the goal.

At the same time, Gerling will not pass up any opportunity—including acquisitions—to gain a increase its share of the commercial lines market in western and central Europe, he said.

Gerling also plans to increase its presence in Eastern Europe, especially in Hungary, the Czech Republic and the Baltic states.

A planned share issue of 100 million deutsche marks ($57.6 million), coupled with growing cooperation with global brokers, will accomplish those ends, said Mr. Zech. The share issue, which will be put to a vote at the July 7 shareholder's meeting, would provide the capital for acquisitions.

The non-life unit also will gain strength from the takeover of New York-based Gerling America Insurance Co., a unit of Gerling Global Reinsurance A.G., for an undisclosed sum in excess of $50 million, Mr. Zech said.

Fewer losses, the implementation of a strict cost-reduction plan and higher rates contributed to improved results in 1993. However, after reinsurance premiums and increasing reserves, Gerling posted a net underwriting loss of 53.4 million deutsche marks ($30.8 million), compared with an underwriting loss of 120 million deutsche marks ($74.1 million) in 1992.

In the first four months of 1994, Gerling increased its premium volume by 12%, primarily through rate increases.

—By Don Lewis Kirk

Zurich

Continued from previous page
meet their individual needs and promote stability.

"New reinsurance approaches can prevent the in-the-market, out-of-the market behavior that characterizes many reinsurers," said Detlef Steiner, senior executive vp/director of Zurich's non-Swiss European division. "It gives the client long-term planning security. Risks aren't bantered back and forth between reinsurer, insurer and client."

Zurich last year helped orchestrate the capitalization of Centre Cat Ltd., a Bermuda-based property catastrophe reinsurer (*BI*, Nov. 1, 1993). Centre Cat writes global multiyear catastrophe programs for a small number of ceding companies.

The company intends to be a lead underwriter of traditional cat programs and write customized contracts covering property risks outside ceding insurers' traditional programs.

Centre Cat takes a "risk-based capital approach" to building its portfolio, allocating surplus across geographic zones, with a maximum capacity of $50 million to $75 million per zone.

Zurich is also the parent of Centre Reinsurance Holdings Ltd., the world's largest financial reinsurer. The company pioneered large-scale finite risk reinsurance, in which anticipated investment income is an acknowledged part of underwriting and in which the reinsurer's ultimate liability is capped.

Despite significant accounting and regulation changes that threaten to hurt the business (*BI*, April 18), financial reinsurance remains a major growth area, Mr. Hueppi noted. "An emphasis on financial reinsurance will continue as demand for environmental liability and other commercial reinsurance grows."

Zurich also has a major stake in Zurich Reinsurance Centre Inc., which is the largest broker market reinsurer in the United States. The company writes traditional reinsurance products.

According to Mr. Steiner, Zurich is taking a new approach to its reinsurance business.

"We plan to be much more global in our reinsurance strategy," he said. "Our direct insurance will be divided from our reinsurance activities. We will use our know-how in alternative reinsurance on a larger scale. It means expanding operations in that direction for companies like Zurich Re."

Zurich also is shifting the lines of business on which it focuses through acquisitions.

Zurich Insurance (U.K.) Ltd. last year acquired Municipal Mutual Insurance Ltd., a U.K.-based insurer in runoff in which Zurich already held a minority stake (*BI*, March 15, 1993). It also strengthened its surety and guarantee business with full ownership of General Surety & Guarantee Ltd. in the United States.

Zurich has operations in more than 40 countries. Nearly 75% of its premiums are generated outside Switzerland.

In several markets, Zurich has been able to gain strongholds in technical areas likes machinery, environmental liability and medical malpractice insurance, while promoting financial reinsurance as a risk financing alternative.

More than half of Zurich Insurance Group's 38,280 employees work in the U.S., U.K. or Canadian markets, which represent the bulk of its non-Swiss business.

The U.S. market is Zurich's strongest foreign non-life business market. Last year, U.S. direct business accounted for 25.7% of the insurer's profit.

Zurich's approach to selected markets prompted it to divide Baltimore-based Maryland Casualty Group's operations between two independent units. Maryland Commercial Insurance Group specializes in construction industry insurance as well as selected lines for small to medium-sized business. Maryland Personal Insurance Group handles personal lines business. Overall results from these two companies have yet to meet expectations, partly because of the high cost of reorganization, Mr. Hueppi said.

Most U.S. business is non-life, with property insurance accounting for 41.5%. Automobile insurance constitutes 31%, while accident and health insurance constitute 16% of the business. Life insurance accounts for only 4% of U.S. premium volume. Total U.S. premium volume in 1993 was 5.7 billion Swiss francs ($3.8 billion), compared with 4.9 billion Swiss francs ($3.3 billion) in 1992.

In the United Kingdom, which now generates more than 7% of Zurich's premiums, Mr. Hueppi attributed much of Zurich's growth to life insurance, with an emphasis on personal lines. Life insurance accounts for 11% of Zurich's total U.K. premium. Property insurance accounts for 47.6% of its U.K. non-life premium volume, while automobile insurance accounts for 36.7% of non-life premiums.

Zurich's U.K. premium growth nearly doubled to 1.5 billion Swiss francs ($1.01 billion) in 1993 from 725.5 million Swiss francs ($495 million) in 1992 because of the MMI takeover.

'We plan to be much more global in our reinsurance strategy,' says Mr. Steiner.

Zurich last year started direct-writing operations for the municipal market in the United Kingdom. Its Municipal Mutual Insurance Co. is geared to sell individual coverage to employees of local governmental authorities.

"We are definitely interested now in new acquisitions in the U.S. and England," said Mr. Steiner. "But they must fall into our general strategy. That is, they must address special segments of the market.

"There are market segments that could greatly profit from our know-how. Acquisitions will focus on areas where we see a potential for profit—(areas) that are underdeveloped."

It was announced in March that Zurich Reinsurance (U.K.) Ltd. would acquire Anglo American Insurance Co., a key London market for U.S. casualty risks, from John Head & Partners L.P. Last month, however, the sale agreement was revised. Anglo American will be acquired by Centre Reinsurance Holdings Ltd. (*BI*, June 6).

A primary focus of acquisitions will be "value-added" services, said Mr. Steiner. "Take the example of motor fleet insurance. We believe that by applying know-how we have gained in Canada or Australia, we can greatly improve client service. There are areas in which there is too little risk assessment and management. By applying better analysis, we feel we can give clients something they are not getting today."

Experience with telemarketing in the United Kingdom motivated Zurich to launch a telephone-based direct sales operation in Switzerland, which it plans to extend to other European countries.

The new service, called Zuritel, was established to gear up for the implementation of new European Union directives that go into effect July 1. As a result of those directives, insurers will no longer need approval from national regulators for new policies or changes in policy wording (*BI*, June 20).

Competition generated by "the opening of the market will mean an enormous pressure on business costs. This is one of the reasons why we are introducing low-cost distribution systems," Mr. Hueppi said.

He believes telemarketing direct writers could win a 50% market share of the private auto insurance market in some European countries. One of Zurich's German subsidiaries, Deutsche Allgemeine, already sells some insurance directly to the public.

By focusing on market niches, Zurich hopes to avoid the competitive traditional markets, said Mr. Hueppi. He believes that those global players that don't take similar steps will not survive the century.

"Changes in insurance markets will force all but 10 companies from the global market by the year 2000," he said.

Last year, Zurich Insurance Group began operations in Greece and opened an office in Beijing to get a foothold in those developing markets. It also acquired Unión Iberoamericana Compania Anonima de Seguros y Reaseguros, a Madrid-based life insurance company, by buying out a Spanish partner. The insurer also established a joint venture between Zurich Life and Swiss Bank Corp. to develop an "allfinanz" program under which Zurich insurance products would be sold at the bank.

In Asia, Zurich became the first continental European company with authorization to open a representative office in Beijing where it is seeking a business license to write non-life and life insurance. The insurer, which hopes to receive a license within the next three years, will probably be restricted to one or two provinces but does not expect business to be confined to Beijing.

By midyear, Zurich plans to enter the Taiwanese life insurance market with a branch office of its U.S. subsidiary, Zurich Life of America.

In Japan, Zurich is focusing on direct sales of accident insurance, a niche that already has made it the third-largest foreign non-life insurer in Japan.

Zurich's new acquisitions have also shifted the company's balance. Reinsurance constituted 10.7% of its business in 1993, up from 6.7% in 1992. Direct non-life business accounted for 65.3% of its book last year compared with 62.8% in 1992. Life-insurance dipped to 24% from 25.5% of the business.

About half of the company's overall premium growth last year came from acquisitions.

Zurich posted 1993 consolidated gross premium volume of 24.9 billion Swiss francs ($16.8 billion), up 16.6% from 21.5 billion Swiss francs ($14.7 billion) in 1992. Net profits rose 24.8% to 613.2 million Swiss francs from 491.4 million in 1992 (to $412.9 million from $335.3 million), with both non-life and life insurance results improving. BI

WASA

Continued from previous page
appeal the Oslo judgment and will file another case against WASA in Swedish courts, in which the issue of WASA Garanti's failure to establish extra collateral for the Paravon risk will be addressed.

WASA International also is pursuing a claim against Skandia International, a subsidiary of the Skandia Insurance Co. Ltd.

Skandia International is disputing a 60 million Swedish kronor ($7.8 million) claim from credit and bond business originally written by WASA Garanti, which was reinsured with WASA International and then retroceded to Skandia International.

Ms. Lundstrom said Skandia has insufficient information on which to decide whether or not the claim is justified.

"We are still requesting information about the claim," Ms. Lundstrom said. "We have never refused to pay the (claim), but we are entitled to look at the underwriting procedures and the handling of collateral."

The Stockholm district court will rule on which court will have jurisdiction or whether the case should go to arbitration, she said.

The opinion expressed two years ago by the Swedish insurance authorities also created concern at Winterthur Swiss Insurance Co.

"This was a clear warning signal that something was wrong," said Willi Schurpf, head of reinsurance and international business at Winterthur. Winterthur had also reinsured credit business written by WASA Garanti via WASA International.

Consequently, WASA's reinsurers—which Mr. Schurpf would not identify—requested that the Swedish insurance authorities specifically inspect the books of both WASA International and WASA Garanti.

Swedish regulators found that: WASA companies had not aggregated risks, thus neglecting the limits imposed on how much they could write per risk; the companies did not check the validity of security for the risk they wrote; and, in some cases, the companies did not establish any security.

As a result, the reinsurers called for their treaties with WASA International to be voided from inception. WASA countered by saying the treaties should remain valid.

Winterthur's dispute with WASA is now before an arbitration panel, which is treating WASA International and WASA Garanti as the same company, said Mr. Schurpf. He declined to reveal the amount of money under dispute but said the panel has ordered a second inspection of the WASA companies' books, which is nearly complete.

WASA International said in a statement that a number of the company's reinsurers have questioned full-payment obligations and this has resulted in disputes. Amicable settlements have been reached with about half of the reinsurers, corresponding to one-third of the total claims outstanding. None of the parties involved would reveal the total value of the claims.

WASA said that the losses accruing from its credit insurance business will not necessitate a write-down of assets. BI

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Effort to delay surplus lines model fails

By MEG FLETCHER

BALTIMORE—Surplus lines brokers and insurers complaining about last-minute changes to a proposed model act regulating non-admitted insurers are running out of options.

NAIC

Their only recourse apparently is to ask the Executive Committee of the National Assn. of Insurance Commissioners to amend the proposal, which would be unusual.

Brokers and insurers failed twice to delay action on the proposed Non-Admitted Insurance Model Act during the recent NAIC meeting in Baltimore (*BI,* June 20). Regulators have not decided whether the model act would become part of state accreditation standards.

Their new complaints about the complex proposal center on increased broker liability for surplus lines tax payments as well as a new provision that seemingly would exempt fewer reinsurance companies from the model act. Some British-based insurers also continue to argue that tighter financial requirements in the proposal may dry up capacity.

For their part, many regulators at the Baltimore meeting believed that the proposal has been delayed long enough, especially since industry representatives had been given an extra opportunity to make their voices heard in the three months since the NAIC last met (*BI,* March 21).

Regulators characterized recent changes in wording as "technical" changes. However, the NAIC's Surplus Lines Task Force agreed to an unusual, open drafting session during the Baltimore meeting so industry representatives could comment on the new language.

Changes made at the drafting session satisfied the concerns of some surplus lines brokers and insurers, but not all.

The measure was then approved by the Special Insurance Issues Committee, the task force's parent body, on a 7-2 vote. Voting in favor were regulators from Idaho, Louisiana, Massachusetts, New York, North Carolina, South Carolina and Texas. Illinois and Vermont regulators opposed the proposal.

Many regulators are now intent that the Executive Committee recommend that the full NAIC membership adopt the model proposal during the next NAIC meeting, to be held Sept. 18-20 in Minneapolis. Individual states would then have to adopt it before it became law. The proposed model law would merge three current NAIC model laws: the Surplus Lines Model Law, the Unauthorized Insurers Model Act and the Non-Admitted Insurance Model Act.

The model law is intended to ensure that only financially secure non-admitted insurers are allowed to write coverage in the United States.

For example, under the old rules, most non-U.S. insurers needed only $2.5 million in trust funds to write coverage in the United States. Under the proposed model law, most non-U.S. insurers would be required to maintain trust accounts equal to 75% of their liabilities net of reinsurance.

"It will make it very difficult for an insurer to move premium out of the U.S. and leave consumers holding the bag," said Stan Garlington, an insurance analyst from Alaska who served on the drafting committee.

In addition, the proposal requires that all non-U.S. insurers be reviewed and listed by the NAIC's Non-Admitted Insurers Services Office, he said. Some states do not currently require that.

The model also gives an insurance commissioner flexibility to suspend some provisions to allow a financially secure company to write coverage needed in the marketplace.

At the NAIC meeting in Baltimore, regulators also:

• Released for public comment four proposed model regulations designed to establish baseline performance standards for health care plans, like health maintenance organizations, in the areas of quality assurance, utilization review, provider credentialing and grievance resolution.

The NAIC anticipates that these regulations will be cornerstones of a proposed Uniform Health Licensing Act.

In addition, the NAIC is also developing risk-based capital standards for Blue Cross/Blue Shield and other types of health care plans.

• Agreed to review the latest proposed amendments to the McCarran-Ferguson Act. The legislation was unveiled last month by Rep. Jack Brooks, D-Texas (*BI,* May 30).

"We need more information to determine whether the amendments put forward will help, hurt, or have no effect on consumers," said NAIC President David Walsh.

Texas Insurance Commissioner J. Robert Hunter, who raised the issue, said after the meeting, "I'm encouraged. It's an improvement over (the NAIC's) previous opposition" to McCarran reform.

• Asked for suggestions of ways the NAIC can "harmonize" insurance regulations among states to benefit consumers, regulators and the insurance industry. This could include coordinating market conduct exams and establishing common due dates for some filings and applications, Mr. Walsh said.

• Recommended changing the name of the Non-Admitted Insurers Information Office to the NAIC's International Insurers Department. BI

International regulators cite concerns

By MEG FLETCHER

BALTIMORE—International insurance regulators are making progress in their attempts to regulate financial conglomerates, though they still have a long way to go, say members of a new international regulatory organization.

NAIC

A financial conglomerate is "any group of companies under common ownership, where activities—whether securities business, banking, insurance or any other financial service—are undertaken on significant scale by any one or more companies in the group," explains Piet Badenhorst, executive officer of South Africa's Financial Services Board in Pretoria.

Broad conglomerates are found throughout Europe and in many other countries around the world, said Jonathan Spencer, head of the Insurance Division of the U.K. Department of Trade and Industry in London.

While some countries like the United States and Japan have had longstanding legal impediments to the development of financial conglomerates, "these impediments now appear to be under some strain," he said.

Mr. Badenhorst and Mr. Spencer were among those participating in the first independent meeting of the International Assn. of Insurance Supervisors, an organization formed during the past year.

The IAIS grew from annual summer meetings of international regulators, which the National Assn. of Insurance Commissioners hosted over the past seven years. The NAIC now acts as the IAIS's secretariat and meeting organizer.

About 100 international regulators attended the IAIS conference, held June 13-16 in Baltimore in conjunction with the NAIC's summer meeting.

Financial conglomerates pose a huge concern to international insurance regulators because of the colossal risks that may arise from the interrelated nature of their business activities, regulators say.

The traditional approach to regulating a company "solo," or on an institutional basis, is insufficient for financial conglomerates because it does not consider the consequences if one unit of a conglomerate fails, particularly if it deals in securities, Mr. Badenhorst said.

He identified three key areas of concern, as outlined by the International Organisation of Securities Commissions, or IOSCO:

• "Contagion," which is the exposure a group assumes in relation to other companies in the group "when regulated entities in the group are forced to assume exposure to other group companies that they may not have assumed otherwise."

• Capital adequacy, which could become a problem if capital flows downward to subsidiaries from a holding company.

• "Excessive gearing" in which "subsidiaries assume risks or obligations which effectively dilute the quality of the capital in the group."

The DTI's Mr. Spencer listed other regulatory concerns, which included:

• Access to information and management autonomy of a conglomerate unit's supervisors.

• "Transparency" of conglomerate structures so that legal and managerial arrangements can be clearly understood.

Financial conglomerates pose a huge concern to international insurance regulators.

"The BCCI case was a prime example where a holding company based in Luxembourg operated a bank based there—and with others elsewhere—but with the main banking activity taking place in branches in London and elsewhere," he said, referring to widespread scandals that occurred at the Bank of Credit & Commerce International in the early 1990s.

IOSCO identifies several principles for regulators to use to guide consolidated supervisory approaches, including monitoring intra-group exposures and applying fitness standards for managers and shareholders, Mr. Badenhorst said. In addition, regulators need to cooperate with each other, including designating a "lead" regulator, as well as defining the company auditor's role so he or she notifies the regulator of areas of concern.

Among international regulators generally, there is "fairly general agreement" about many issues concerning financial conglomerates and the appropriate supervisory response to them, such as removing legal obstacles to sharing information, Mr. Spencer said.

However, regulatory opinions are more divided on techniques for assessing the capital adequacy of financial conglomerates, he added. Mr. Spencer chairs a committee exploring that issue as part of the Tripartite Group organized by Tom de Swaan, an executive of the Netherlands Central Bank.

Regulators also commented briefly on the status of the regulation of financial conglomerates in their respective countries.

The European Union has already implemented various ways of dealing regulating the companies, including directives that compel banking, insurance and securities regulators to cooperate with each other, endorse the concept of a lead regulator, and require managers and shareholders to meet fitness criteria, Mr. Badenhorst said.

In South Africa, "supervision is primarily on an institutional basis. Moves toward functional and consolidated supervision are under way but not yet fully established," he added.

The Netherlands successfully uses "a solo-plus" approach that broadens supervision beyond individual operating companies to take into account a number of relevant perspectives that result from the nature of the conglomerate in question, said Pieter J.C. Keizer, head of the Netherlands' insurance regulatory authority, the Verzekeringskamer. BI

AIA rebuts critics of McCarran reform

By JERRY GEISEL

WASHINGTON—Political reality—not expediency—is driving the American Insurance Assn.'s policy development on a number of highly charged issues, says AIA President Robert E. Vagley.

On one of the most emotionally charged issue for many property/casualty insurers—modification of the McCarran-Ferguson Act—the AIA opened negotiations with congressional critics of the law to reduce the likelihood that the industry could end up with rules that could cripple its ability to do business, he said.

"H.R. 9 was a gun pointed at our heads," said Mr. Vagley, referring to earlier versions of legislation introduced by House Judiciary Committee Chairman Jack Brooks, D-Texas, that would have gutted McCarran-Ferguson.

Given that very real threat, the AIA actively negotiated with Rep. Brooks to develop compromise legislation that insurers could live with, he said.

"Our goal: Take (H.R. 9) off the table," Mr. Vagley said.

That goal was realized in May when Rep. Brooks formally scrapped his earlier proposal, which Mr. Vagley said would have virtually eliminated insurers' ability to engage in joint activities without running afoul of federal antitrust law.

By contrast, Rep. Brooks' latest proposal, which is virtually identical to one approved by the AIA's board of directors in February, would, among other things, protect a number of joint insurer activities through safe harbors (*BI,* May 30).

"Mission accomplished," Mr. Vagley said, referring to the demise of the earlier versions of H.R. 9 and Rep. Brooks' support of McCarran reform legislation similar to the AIA proposal.

Mr. Vagley delivered his remarks last week at a press briefing in the wake of the formation of a new industry coalition composed mostly of members of the Alliance of American Insurers, the National Assn. of Mutual Insurance Cos. and the National Assn. of Independent Insurers.

The group, the Coalition for a Competitive Insurance Market, was specifically launched to fight for the preservation of the McCarran-Ferguson Act.

The coalition leveled a number of charges at the AIA, including that its support of McCarran-Ferguson revisions were driven at least in part by political expediency (*BI,* June 20).

While Mr. Vagley said he was angry at the level of acrimony and urged a cooling of the coalition's rhetoric, he criticized—without mentioning specific names—both the insularity of other insurance industry trade groups and their unwillingness to accept change.

By contrast, he said the AIA has attempted in recent years to build bridges to groups, especially to consumer organizations, outside the insurance industry.

Mr. Vagley also rejected specific charges made by the new coalition that revising the McCarran-Ferguson Act would lead to more litigation over what industry practices could constitute an antitrust violation.

Under the current law, though, "there is litigation today," he said. "I can't imagine any more litigation" if the law is revised along the lines of the AIA pro-

Continued on next page

Vagley

Continued from previous page

posal.

Mr. Vagley also said one of the most frequently cited fears about McCarran reform—that small insurers will be at a competitive disadvantage compared to larger companies—is off base.

Under the AIA compromise, insurers could collect and disseminate historical loss data, while trending of that information by non-affiliated industry groups would be presumed not to violate antitrust law.

"Data will continue to be available," but the difference is the information will not be controlled by an industry-supported group, Mr. Vagley said, referring to the Insurance Services Office Inc.

He also questioned predictions that paring the industry's protections from federal antitrust law will trigger a major consolidation of the industry. "The market is too complicated to predict this or that will happen."

Turning to another issue—reauthorization of the federal Superfund law—Mr. Vagley noted that the AIA has taken some heat from other insurer trade groups for supporting legislation that does not eliminate retroactive joint and several liability for polluters.

Robert Vagley says the AIA has attempted in recent years to build bridges to groups, especially to consumer organizations, outside the insurance industry.

But, in the AIA's political judgment, a bill proposing the elimination of joint and several liability had no "viability," he said.

The most prudent lobbying strategy, according to Mr. Vagley, was to press for legislation that would make significant improvements in the Superfund law rather than sticking to proposals that had no chance of passage and running the risk that no changes would be made.

Still, there's less than an even chance for passage of Superfund reform legislation this year because of its complexity and because so little time remains in the congressional session, he said. BI

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NOTICE

PLEASE TAKE NOTICE, that on January 9, 1991 an Agreed Order of Liquidation With a Finding of Insolvency was entered against Provident Insurance Company ("Provident"). James W. Schacht, Acting Director of Insurance of the State of Illinois is the statutory and court affirmed Liquidator of Provident.

TAKE FURTHER NOTICE, that the Court set September 9, 1991 as the first bar date for the filing of proofs of claim ("Proof") against Provident. Thereafter, the Liquidator processed, reviewed and valued all claims for which Proofs were filed before the first bar date, and made recommendations to the Court about which claims should be allowed, and in what amounts. Pursuant to order of the Court entered on June 14, 1994, the Liquidator has set aside or distributed a portion of Provident's assets for the claimants who were entitled to receive that distribution. Additional assets remain in the Provident estate.

TAKE FURTHER NOTICE that the Liquidator shall distribute these additional assets to any person, entity or governmental unit having a valid claim against Provident or any valid right, title or interest in or to any funds or property of Provident in the possession of the Liquidator in accordance with Article XIII of the Illinois Insurance Code.

TAKE FURTHER NOTICE that, in order to receive a distribution, all claimants and creditors of Provident must file a Proof with the Special Deputy Liquidator not later than 4:30 p.m., Chicago time, on the last day for filing proofs, August 15, 1994, at the address set forth below. NO PERSON HAVING OR PURPORTING TO HAVE A CLAIM AGAINST PROVIDENT MAY PARTICIPATE IN ANY DISTRIBUTION OF THE COMPANY'S ASSETS UNLESS THEIR PROOF IS FILED WITH THE LIQUIDATOR ON OR BEFORE AUGUST 15, 1994 AT 4:30 P.M. Filing will occur upon receipt by the Liquidator. The content of all Proofs is prescribed in Chapter 215, Section 209 of the Illinois Compiled Statutes. Among other things, all Proofs must be duly sworn to before an officer authorized to take oaths. The form of Proof may be obtained from the Special Deputy Liquidator. The Liquidator reserves the right to require claimants to supplement their Proofs with additional information, and reserves all rights and defenses of Provident concerning such claims.

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Pollution

Continued from page 2

ail," said Debra ReMine, vp and general counsel at Federated. "It's just a matter of who is going to pay for it from now on."

"It was a travesty," said Mr. Stewart, 38, of the entire incident. "It ruined my company."

Mr. Stewart, who had purchased Andor from his father in 1991, is now focusing on another business that operates unattended gas stations.

His travails began two days before Christmas in 1992. That's when Alan Haynes, a two-month Andor employee, was assigned to load diesel fuel at a Tacoma refinery and transport it to Fort Lewis, an Army base outside the city, where it would be unloaded.

Mr. Haynes picked up the fuel but never took it to Fort Lewis. Instead, he dumped the 1,152 gallons of fuel onto a field near Frederickson, Wash. That field turned out to be above a city-owned aquifer used to provide water to Tacoma, a city of 176,000 located 30 miles southwest of Seattle.

"(Tacoma) bought it as a natural resource to drill wells and provide water for the city, so the soil was very gravelly, pristine," recalled Mr. Stewart. "And this diesel fuel just started to go through this gravelly soil quickly."

Nearby, a resident who had seen the truck turn into the field and shut off its running lights became suspicious and called police. When police arrived, Mr. Haynes turned on the truck lights and started to move, but was stopped.

"When asked what he had been doing, Haynes explained, rather indelicately, that he had to relieve himself," said court papers.

At various times, said Mr. Stewart, Mr. Haynes has claimed he dumped the fuel because he wanted to leave work early or because he was upset with management and was acting in retaliation.

Mr. Haynes eventually pleaded guilty to charges of first-degree malicious mischief, second-degree theft, polluting water supplies, unlawful dumping and unlawful discharge of combustible liquid. He is now serving a three-year prison sentence.

Meanwhile, Mr. Stewart, who heard about the incident from the Pierce County Sheriff's Office, "got the largest steam shovel in Puget Sound" the next day to clean up the polluted ground. In a week's time, the steam shovel dug a hole six stories deep.

Local television and radio stations covered the story intensively. "It seemed like every four hours they were reporting how deep the hole was," he said.

Mr. Stewart said he was personally very disturbed by the incident. "It was terrible. It was incredible, is all I can say. One, I live in this community, and to think my company's truck was on this property potentially destroying the city's aquifer was personally upsetting to me, and that's putting it mildly."

But at the same time, he added, "If the company had not started digging, that aquifer would have been destroyed and the cost of the cleanup would have been millions of dollars. The end result of what happened to the company wasn't good, but at the end of the day I can say I held my sword up high."

As it turned out, the incident was only the beginning of Mr. Stewart's problems. After Mr. Stewart began paying for the cleanup with company funds, he filed a claim with Federated. But, the insurer denied coverage on the grounds that the pollution was not released from an insured site, as required by the policy.

The denial of coverage was a move that did not go unnoticed by Andor's suppliers.

One supplier, recalled Mr. Stewart, "was very supportive and very good," despite the loss of the insurance. But another withdrew Andor's credit line and required the company to pay cash.

"They made a business decision and I can't fault them. I think it's just a normal consequence of what happened" in light of a highly publicized event.

Andor sued Federated seeking a court order that its policy covered the damage. Soon, the company itself was sued by the city of Tacoma, which later joined Andor in its suit against Federated.

At issue in the coverage dispute was whether the pollution occurred "from" an insured site. The policy covered property damage, bodily injury or environmental damage "caused by a pollution incident. . .from an insured site in the coverage territory."

Federated said in court papers that it does not matter that the fuel had been picked up from an insured site. "The fact that the pollutant originated from an insured site is irrelevant to coverage," the insurer said. "For an incident to be covered, the pollution must be from an insured site.

"Andor acknowledges that the vacant lot only qualifies as an insured site if Andor was performing operations there," Federated contended. And Mr. Haynes was not acting as an Andor employee when he dumped the fuel there, nor was the fuel dumped there on Andor's behalf as part of its operations, the insurer maintained.

"Andor is in the fuel transportation business and its 'operations' consist of three phases: loading, transporting and unloading fuel," say court papers. "The fuel at issue was not being loaded, transported or unloaded upon the vacant lot on Andor's behalf. Rather the fuel was dumped by Haynes in a criminal manner."

Andor countered that the policy covered pollution incidents "from" any location where Andor performs operations. Because the refinery where the fuel was picked up is an insured site, "the pollution incident thus occurred 'from' an insured site," the company said.

Furthermore, through Mr. Haynes, Andor was performing operations "at" the location where the fuel was unloaded, the company argued. "Protection for pollution liability and the cost of cleanup is exactly why Andor bought the policy and Federated should pay Andor's claim."

Andor also argued that the policy covers the company for environmental damage that arises out of the loading, transportation and unloading of an auto at an insured site. The spill occurred after the fuel was accepted for transport "and before the time it was to be delivered," so coverage should offered, say court papers.

Supporting the policyholder's claim was the office of Washington's insurance commissioner, Deborah Senn, which said in a Feb. 3, 1993, letter to Federated, "We have trouble with your

Continued on next page

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For the Record

House panel passes aviation liability reform

WASHINGTON—The U.S. House of Representatives could soon vote on a bill that would give aircraft manufacturers a degree of relief from product liability suits.

The bill passed the House Judiciary Committee on a voice vote last Tuesday. However, the Judiciary version differs from a Senate bill, S. 1458, that chamber passed by a vote of 91-8 (*BI*, May 23; March 21).

The Senate legislation would set an 18-year statute of repose for general aviation manufacturers. The House committee, however, approved a three-tier statute of repose that would vary according to the type of propulsion used in an aircraft.

Under the Judiciary Committee bill, the statute of repose would remain 18 years for suits involving turbo-prop general aviation planes and parts. Suits involving piston-powered planes and parts would be subject to a 15-year statute of repose, while suits involving jet-powered general aviation planes would have a 22-year statute of repose.

The bill's chief House sponsor, Rep. Dan Glickman, D-Kan., had initially sought a single 15-year statute of repose.

The more complicated schedule stemmed from a compromise that was hammered out by Rep. Glickman and the bill's chief Republican sponsor, Rep. Jim Hansen of Utah, with Judiciary Committee Chairman Jack Brooks, D-Texas. Rep. Brooks has been an outspoken opponent of all types of federal product liability reform.

Labor Department hikes safety violation fine

WASHINGTON—Employers found guilty of serious willful job safety violations now face a minimum federal fine of $25,000, which is five times larger than the previous minimum.

"The increase in the minimum proposed penalties for the more serious willful violations will make it that much more difficult for those few bad actors to regard penalties as simply a cost of doing business," Labor Secretary Robert Reich said last week.

Joseph Dear, administrator of the Occupational Safety and Health Administration, noted that while serious willful violations constitute a fraction of all cited violations, these are the deliberate or negligent acts most likely to cause death or serious injury.

Mr. Reich said the increase in penalties for willful violations is part of a multipronged strategy that is aimed at targeting the worst offenders and worst offenses; protecting vulnerable workers; deterring violations through heavier penalties; and obtaining results swiftly and efficiently.

The minimum penalty for nonserious willful offenses remains $5,000.

Homestead Insurance canceling quake cover

SECAUCUS, N.J.—Homestead Insurance Co. is canceling all of its earthquake coverage.

Terminations will be effective beginning July 1, according to Alvin Block, director of regulatory affairs.

"It's not that we're running," Mr. Block said. "We're trying to do the right thing. If we would have another loss of the magnitude of the one that struck California. . .we would not have the ability to pay the claims."

He emphasized that the insurer will pay all claims stemming from the Jan. 17 earthquake near Los Angeles.

However, "if we had another quake, it would break us," he said. Mr. Block declined to estimate the company's losses from that quake.

Homestead's earthquake book of business included approximately 1,500 commercial policyholders.

Homestead is a non-admitted insurer in California. It operates on an admitted basis in some states and on a non-admitted basis in other states.

City staffer accused in L.A. comp fraud

LOS ANGELES—A Los Angeles city employee who handled workers compensation payments has been suspended for allegedly defrauding the city of more than $1 million by funneling workers comp benefits to fictitious employees and making improper payments to doctors and private investigators over an 18-month period.

An investigation is under way to uncover others who are believed to have helped Thelma Bowman, a senior supervisor in the Personnel Department.

Ms. Bowman had a loaded gun when she was confronted by authorities at work, said Joe Gellman, president of the Civil Service Commission, which oversees the department. Officers found $50,000 in her home safe and removed several boxes of evidence from her home.

Mr. Gellman said the fraud was uncovered by an internal city audit initiated by the personnel department's general manager.

College of Insurance appoints trustees

NEW YORK—Robert Clements, chairman and CEO of Marsh & McLennan Risk Capital Corp., has been named chairman of The College of Insurance's Board of Trustees.

Four new trustees were also named: Gerald A. Isom, president of CIGNA Property/Casualty Insurance Cos.; Kathryn J. McIntyre, vp, publisher and editorial director of *Business Insurance*; Donald K. Morford, president and chief operating officer of Sedgwick James Inc.; and David A. Olsen, chairman and CEO of Johnson & Higgins.

Skandia combines U.S. P/C units

NEW YORK—Skandia Group has merged its property/casualty insurance subsidiaries in the United States into one company, Skandia America Corp.

The merger will combine Skandia America with Skandia Direct Operations Corp.

New York-based Skandia Direct Operations Corp. is the holding company for: Skandia Southeast Cos.; Skandia Texas Group; and Valley Group Inc.

The move was part of the downsizing that Stockholm, Sweden-based Skandia has undergone over the past 18 months, according to a spokeswoman for the insurer.

Information in brief

The pilot of a barge that crashed into a railroad bridge, causing a train crash that killed 42 people last September was inadequately trained and equipped, according to a report issued by the **National Transportation Safety Board.** The barge owner, Warrior & Gulf Navigation Co. of Chicksaw, Ala., has liability coverage with the Steamship Mutual Underwriting Assn. Ltd. in London (*BI*, Sept. 27, 1993). . . .**FHP International Corp.** completed its $1.1 billion acquisition of TakeCare Inc. The new enterprise will rank as the nation's third-largest health maintenance organization—excluding enrollment in point-of-service plans—with more than 1.6 million members (*BI*, Jan. 17). . . .The **Coalition on Superfund**, a business/insurer organization, has modified its Superfund reform proposal in an effort to gain wider support for the proposed Environmental Insurance Resolution Fund (*BI*, March 21). Among other things, the new proposal contains a provision that could create the EIRF if more than 80% of the potentially responsible parties, but less than the current proposed cutoff of 85%, agreed to accept a payment from the insurer-funded EIRF in lieu of suing their underwriters for cleanup costs. . . .**ITT Hartford Insurance Group** companies writing workers comp coverage in Texas plan to reduce rates by an average of 23.3%. The rate cuts will be effective Aug. 1. BI

Pollution

Continued from previous page

conclusion" denying coverage.

In April, Judge Donald H. Thompson of Pierce County Superior Court in Tacoma ruled that Andor was entitled to up to its $1 million limits in coverage. Then, earlier this month, Judge Thompson ruled that defense costs should be paid outside the limits.

Judge Thompson said, however, that Andor could not seek damages above the $1 million limit. The judge also dismissed a bad faith allegation and a negligence allegation.

The Federated policy did not expressly cover consequential damages, but the judge interpreted a state statute to require such coverage, said Ms. ReMine of Federated.

Ultimately, the incident cost Mr. Stewart an estimated $1.3 million:

- $513,000 in cleanup costs.
- $720,000 in business losses. This includes the lesser amount that Mr. Stewart received as a result of having to break up the company to sell it, plus some added transactional costs, including higher bank interest that had to be paid because it took longer to pay off loans.
- $89,000 in legal fees.

Mr. Stewart said he was confident that if the case goes to trial, a jury would award him the full $1 million. But post-trial motions and appeals could take years, he said.

"I'm in a unique situation because this spill happened in a City of Tacoma aquifer, and it's always been my intent to get this aquifer cleaned up," said Mr. Stewart. "I have to balance the needs of my company" with the desire to clean up the aquifer.

He said any settlement money would go to complete the cleanup and pay off creditors.

Right now, the polluted soil is contained within plastic and surrounded by a dike, where it poses a risk of recontamination. He said he expects the court to direct that funds for the cleanup go directly to the city. BI

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Non-compete clauses often tested

By MARK HOFMANN

Non-compete clauses are no part of most employment con tracts, and for good reason: State tend to restrict their use, an those that pass muster can stil face tough courtroom tests.

Non-compete clauses generall prohibit an employee from work ing for a competitor for a specifi period of time. Companies us them to protect trade secrets o prevent employees from takin assets like customer lists witl them to rival firms. They are mos commonly used in positions tha involve trade secrets or sales rela tionships.

Similar, but narrower, agree ments called non-piracy agree ments permit employees to go int the same business as the employe but prohibit the solicitation of th employer's clients. These are gen erally upheld in court.

To be upheld in court, non-com pete agreements must satisfy three standards:

- They must be "reasonable i scope."

"It used to be that geograph was everything" and limitation could be placed only on a rela tively small geographic area noted Kevin Connelly, an employ ment law specialist at Connelly Sheehan & Moran in Chicago.

But limits on "scope" now als apply to scope of employment, h said. For example, it would not b reasonable to forbid a salesma from selling any type of produc as part of a non-compete agree ment aimed at preventing hin from joining a competing com pany selling a specific commodity

- They must apply to a reason able timeframe.

One year or less is generally considered reasonable and mor than two years unreasonable. Pe riods between one and two year have proven to be the most con tentious, said Mr. Connelly.

- Most importantly, the restric tion must involve a "protectabl interest."

Thus, while the keeper of the se cret formula for Coca-Cola migh reasonably be held to a non-com pete clause, a secretary or janito for the company could not be, Mr Connelly said.

Like other aspects of contrac law, non-compete clauses are gov erned by state law and som states sharply limit their use.

In California, for instance, b statute "every contract by whic anyone is restrained from engag ing in a lawful profession, trad or business of any kind to that ex tent is void."

"The judicial history of non compete clauses in California i very long," with courts continu ally restricting the ability of com panies to use them, explained Jef frey C. Cannon, an intellectua property and corporate law spe cialist at the Walnut Creek, Calif. law firm of Baker, Keaton, Seibe & Cannon.

In response, companies hav turned instead to laws governin disclosure of trade secrets. Ever then, California courts have paid close attention to whether the se crets have "independent economi value," either currently or in th future, said Mr. Cannon.

And, courts also attempt to as certain whether the employer had taken reasonable steps to main tain secrecy. BI

Brokers

Continued from page 1

As part of efforts to improve its performance, Willis Corroon last week announced a shakeup of its U.S. operations (see related story).

For their part, risk managers complain that enforcement of non-compete agreements and other such contracts impose a restriction on the client's right to do business with whomever they wish.

To many brokerage observers, the Willis Corroon-RHH squabble is symptomatic of competition in the market, especially among the largest brokerages for the largest corporate accounts. Suits over breaches of employment agreements, like those in the Willis Corroon contracts, are common and most are settled without going to trial (see story, page 60).

"Top ABC houses have a mature broking business and there are a fixed number of Fortune 500 companies which are their prime targets," said Fred Dopfel, president of San Francisco-based consulting firm Russell Miller Inc. To get new business, they must win it from other brokers, he explained.

With that heightened competition, brokerages are focusing more on specialized markets and looking for people to lead these niche efforts.

Years ago, it was unacceptable for a team of people to leave an insurance broker, said Bill Clemens, managing director at New York employment placement firm Norman Broadbent International. "Occasionally, one would nip someone from a competitor, but it was not open warfare."

'It's a free world. People leave because they are unhappy,' says RHH Chairman Patrick G. Ryan.

Now, as brokerages immerse themselves in market niches, they are behaving more like Wall Street firms. "It's no surprise to see teams leave," said Mr. Clemens.

"It's a big threat to most companies today if they haven't been able to create an environment in which people value things other than money," he said. "The sense of loyalty to institutions today is less than in the past. People are concerned about their own welfare and benefit and don't believe companies have their individual interests at heart."

Hiring of teams from rivals is a common practice in the brokerage industry, and Willis Corroon itself is no stranger to it.

Three years ago, Willis Corroon hired Alexander W. Vietor away from Marsh & McLennan Cos. Inc. to head its U.S. energy division. Several of Mr. Vietor's colleagues at M&M joined him at Willis Corroon following his departure, a Willis Corroon spokesman confirmed.

And some large M&M marine and energy clients, such as Phillips Petroleum Co., also transferred their accounts to Willis Corroon.

The Phillips account, though, did not "just follow Sandy (Vietor) out of the door," said Colin Barnes, director of risk management at Phillips in Bartlesville, Okla.

"We put the account out to bid between Willis Corroon and Marsh, and Sandy had to come up with the best program, which he did." The account transferred in 1991.

In its suit against RHH, Willis Corroon accuses its rival of inducing Willis employees to leave and violate their employment contracts.

RHH officials deny the charge.

"It's a free world. People leave because they are unhappy," said Patrick G. Ryan, chairman and chief executive of RHH and its parent, Aon Corp.

In fact, RHH does not require employees to sign non-compete agreements, except following an acquisition. Such agreements are common in acquisitions.

Raymond I. Skilling, RHH's chief counsel, was more pointed in his commentary.

"Buyers of insurance brokerage services and brokers should expect Willis to compete for clients and talent in the marketplace," he said in a statement. "It is surprising that Willis would resort to the courts in an attempt to justify operating results and personnel departures, which a Willis spokesman has already attributed to its own shortcomings and actions."

He was referring to a British press report that quoted a Willis spokesman as saying the construction team left because "we said they had to be integrated—it was a stand-alone operation with no cross-selling. They did not like it and demonstrated it by leaving."

In a recent interview, Willis Corroon Executive Chairman Roger Elliot said, "Maybe one of the reasons (the construction team) decided to leave was because there were two divisions dealing with construction and we put them both under the umbrella of Willis Corroon Americas. They were an autonomous lot and we decided, as our professional advisers suggested, that we put them together."

Michael Smith, senior vp at Lehman Bros. in New York, sees the construction division departure as a sign of differences in corporate culture that have dogged Willis Corroon since the 1990 merger of Willis Faber P.L.C. and Corroon & Black Corp. Corroon & Black was a very entrepreneurial firm, he said, and "it's pretty tough to impose a culture on a large corporation—especially when it's being imported overseas."

An analyst with S.G. Warburg & Co. in London sounded a similar theme in a report last month.

"One of the unfortunate results of implementing a major cultural change at Corroon & Black, however, is that brokers who are unwilling to accept such changes will continue to leave," the analyst wrote. "The cultural change implicit in achieving higher retentions may result in further staff defections through 1994."

Willis Corroon has acknowledged that it has not been smooth sailing since the merger, stating they "were two different companies." Some stock analysts maintain the two companies were mismatched and have been trying to overcome this problem ever since, which has stunted the merged company's growth (*BI*, July 5, 1993).

Some of the friction between Willis Corroon and RHH may stem from the fact that shortly after Willis Faber and Corroon & Black's merger agreement was announced, Aon made an unsolicited counteroffer to acquire Corroon & Black that was rejected and later withdrawn (*BI*, Sept. 17, 1990).

"As it turns out, to some members (of the construction unit) the merger with Aon may have been preferred," Mr. Smith said. Just look where many of them have moved, he added.

A lawyer representing Willis Corroon in the suit said that employees who were "not real happy with that merger" left shortly after it happened.

Now, years later, "Aon ends up with a huge number of people," said Aubrey B. Harwell Jr. of Neal & Harwell in Nashville, who charges that Aon "raided" Willis Corroon and left a number of breached employment agreements.

Several analysts expressed skepticism at the charge of raiding.

"I refuse to believe that Pat Ryan and his Irish Mafia kidnapped (the construction employees) and chained them to their desks," said Lehman's Mr. Smith.

Problems strikingly similar to the RHH construction division dispute emerged in 1992.

At that time, John Lamberson, a former Willis Corroon president and chief operating officer, left to form a competing construction specialty brokerage in San Francisco. Six other Willis employees left the company to join Lamberson, Koster & Co., which became a direct competitor to Willis.

Willis Corroon sued Lamberson, Koster in late 1992 for $10 million, charging Mr. Lamberson and the other former employees with, among other things, breach of contract for allegedly violating non-compete agreements, misappropriating trade secrets and engaging in unfair competition. Mr. Lamberson denied the charges and countersued Willis Corroon for slander and unfair business practices, among other things (*BI*, Nov. 16, 1992).

A settlement was reached last August.

Risk managers are critical of non-compete disputes.

"The client will go where he wants to go," said Thomas J. Hickey, vp and general counsel of Malcolm Pirnie Inc. in White Plains, N.Y. However, non-compete clauses seem like an impractical restriction on clients' right to do business with whom they wish, said Mr. Hickey, who heads Malcolm Pirnie's risk management department.

If a risk manager has developed a good working relationship with a broker or team of brokers and they move to another brokerage, enforcement of a non-compete agreement means that the relationship has to end, said Richard M. Inserra, risk manager at Union Carbide Corp. in Danbury, Conn.

Mr. Inserra said that even if the risk manager moves the account to the new brokerage, the broker or team of brokers relied upon in the past won't be able to service it, forcing the risk manager to build new relationships from the ground up.

Frank E. Locke, administrator of risk and insurance for Oklahoma Natural Gas in Tulsa, noted: "Most of the time, these non-compete contracts are subject to state law" and enforcement of the clauses often raises questions of whether they constitute a restraint of trade (see story, page 60).

Such clauses raise issues of fairness and coercion as well, he said.

A lot of risk managers have good relationships with individual brokers and want to maintain those relationships, Mr. Locke added.

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Gavin Souter, Stacy Shapiro and Mark Hofmann contributed to this report.

Willis Corroon shuffles ranks of top management

Following disappointing first-quarter results blamed on its U.S. operations, Willis Corroon Group P.L.C. is overhauling its top management.

A newly formed executive management committee now runs the day-to-day operations of the group and management of the U.S. operations has been replaced.

The new management committee running the company is chaired by J. Max P. Taylor, who was also named chief operating officer of the group. Mr. Taylor will remain chairman of reinsurance division Willis Faber & Dumas in London, while relinquishing CEO responsibilities.

The new executive committee is working "as a team" with Roger Elliott, executive chairman, and Richard M. Miller, chief executive until year-end, said a spokeswoman.

Mr. Miller will retire as chief executive of the group on Jan. 1, 1995, and become vice chairman of the group. In the meantime, he has been replaced as chairman of Willis Corroon Corp., the U.S. holding company, by Kenneth H. Pinkston and will "focus his efforts in the coming months on business relationships and the smooth transition of his management responsibilities," according to a company statement.

Mr. Pinkston had been president and CEO of the U.S. property/casualty programs division.

Also in the United States, Donald H. Payne has been appointed chairman and CEO of Willis Corroon Americas, the U.S. retail brokerage unit, assuming the responsibilities of Frank F. White. Mr. White also has stepped down from the group board but will remain with the company.

Mr. Payne, who has been based in the United States for the last 15 months, had managed the group's worldwide retail operations.

Now, retail brokerage operations outside the United States will be under George F. Nixon, chairman and CEO of Willis Corroon Europe.

And, Brian D. Johnson is the newly appointed chief operating officer of Willis Corroon Americas. He remains vice chairman of the unit.

In addition to Mr. Taylor, other members of the new executive committee are: Mr. Pinkston, Mr. Payne, Mr. Nixon and Richard A. Dalzell, group finance director.

"Max Taylor probably will become chief executive of the group, but Elliott's still in charge," said Chris Hitchings, stock analyst for U.B.S. Ltd. in London.

When Mr. Elliott retires, which could be in 1995, Mr. Taylor is expected to succeed him.

Mr. Payne had been expected by many to succeed Mr. Elliott.

—By Sally Roberts and Stacy Shapiro

SEC suit

Continued from page 1

the investment program was "nothing more than a scam to defraud investors," the SEC charges.

The CHA has not recovered its money, which was transferred through a series of investment firms to an account at a Luxembourg bank.

Mr. Lauer also failed to tell the CHA that he owned one of the investment firms, which collected $25,000 in fees on purported trading of the instruments, the SEC alleges.

A federal judge last week issued a temporary restraining order freezing the assets of Mr. Lauer, the two other men and three companies involved in the alleged scheme.

Meanwhile, the U.S. Attorney's Office in Chicago is investigating the case to determine if criminal charges should be brought, a spokeswoman confirmed.

Neither Mr. Lauer—who was put on paid administrative leave from his $61,000-a-year job—nor his lawyer could be reached.

The CHA, which manages public housing for the city, last week hired former U.S. Attorney Anton Valukas, now a partner with Chicago law firm Jenner & Block, to advise a five-member "interim oversight committee" that will take control of the CHA's employee benefit plans.

Ernst & Young also has been retained to provide audit support.

The committee will try to determine how the plan fell victim to the alleged scam and what steps should be taken to prevent it from happening again, CHA officials said at a press conference last week.

Mr. Lauer's responsibilities as the CHA's risk management and benefits director did not include investing pension assets, but those duties were assigned him by the pension plan's board of trustees, which is separate from the CHA board, according to CHA Board Chairman Vincent Lane.

"The pension fund is a separate body from the CHA. We've structured it that way because we didn't want the funds related to the employee pensions any way commingled with the authority's," he said.

"However, we have a responsibility to make sure that fund is adequately protected. We thought we had done so," he added. "Obviously, it wasn't enough."

Pension investment experts say it is rare for one person to have authority to invest pension assets without scrutiny by other management officials or pension trustees.

The CHA may have insurance to cover at least part of any eventual loss, Mr. Lane said, adding there will be "no loss" to the 2,400 members of the pension plan.

Mr. Valukas declined to provide details of any insurance coverage.

The SEC filed its civil complaint in U.S. District Court in Chicago June 21. It names:

• Mr. Lauer, who joined the CHA in June 1991, first as director of the benefits department and later as director of risk management and benefits. He holds a bachelor's degree in journalism from Marquette University and is a certified financial planner, according to court filings.

Last October, Mr. Lauer reportedly paid more than $1 million for a house in Lake Forest, Ill., a wealthy suburb north of Chicago.

• Clifton Capital Investors L.P., a Clifton, Ill.-based limited partnership formed in 1992 by Mr. Lauer and Kenneth Senffner.

• Lyle E. Neal of Hi Hat, Ky., and Konex Holding Corp., a Lexington, Ky., investment firm he heads.

Mr. Neal served nine months in federal prison after being convicted in 1981 of a felony related to the sale of coal tax shelter limited partnerships, court filings say.

Konex was incorporated in Nevada in 1991, but its registration was revoked in May 1993.

• Joseph Polichemi and Copol Investments Ltd., a firm he heads. Copol is based in Tortola, British Virgin Islands, and operates from Guernsey in the Channel Islands, court filings say.

According to the complaint, a Konex representative contacted Mr. Lauer in January 1993 about investing in its "roll program," a fund used to buy and sell debentures and other instruments purportedly issued by the "top 100 world prime banks" that would earn a 25% to 75% annual return.

Mr. Lauer declined the offer, citing the CHA's conservative investment strategy, the complaint says.

Several weeks later, Mr. Neal personally contacted Mr. Lauer to pitch the program again, saying that it dealt only with the "top 25 European prime banks," the SEC says.

Mr. Neal also said the fund always found buyers for the instruments before purchasing them itself, thus substantially reducing risk and guaranteeing profit, the suit says.

The CHA would earn 1.5% on

Continued on next page

SEC suit

Continued from previous page

each purchase and resale and could expect to make 40 such trades a year, producing a 60% return on a minimum $10 million investment, Mr. Neal allegedly told Mr. Lauer.

Funds would remain under the investors' control in a "prime world bank account and could be withdrawn at any time," according to a Konex brochure that Mr. Neal gave Mr. Lauer at a March 1993 meeting.

Mr. Neal also allegedly said that four or five other investors and a "substantial trust" had already joined the program. Mr. Polichemi told Mr. Lauer that he had been trading prime bank instruments for many years and had done so on behalf of Saudi Arabia's royal family, court filings say.

Mr. Lauer had agreed to consider the program because early retirements had created a shortfall for the CHA pension plan and he saw the touted high returns as a way of making up the deficit, the lawsuit says.

In late March 1993, Mr. Lauer transferred $10 million into the roll program from a CIGNA Corp. account. While the money came from the CHA pension plan, though, the investment contracts identified Clifton Capital, Mr. Lauer's firm, as the investor.

At the same time, Clifton Capital entered a separate contract to act as administrator of the roll program, collecting a fee of 0.125% of each trade, according to the suit.

The CHA funds were wired to a trust account for the roll program in New York and were then wired out to a Copol account at Kreditbank S.A. in Luxembourg, the complaint says.

Mr. Lauer did not disclose the nature of the investment to the CHA and did not disclose that his own firm would collect fees as an administrator, the suit charges.

Between April and May 1993, Mr. Neal told Mr. Lauer that the roll program had made two successful trades, and Clifton Capital collected $25,000 in fees on the purported profits, according to the complaint, which says CHA never received any of the alleged profits.

During the same period, Mr. Lauer invested another $2.5 million in the program, also from the pension plan.

In June 1993, though, Mr. Neal allegedly told Mr. Lauer he would have to put more money into the program to continue trading. Mr. Lauer refused and asked Konex to return the CHA's funds and produce documents backing up the successful trades.

The funds were not returned, and Konex and Copol never provided any verification of the CHA's initial investment or of the allegedly successful trades and never provided evidence that CHA money is on deposit at Kreditbank, the suit charges.

In May 1993, Mr. Lauer had falsely told another prospective roll program investor, Jeremy Wilkenson, that the CHA board had approved its investment and that the CHA was making a 70% annual return in the program, the SEC alleges.

Ten months later, in March 1994, Mr. Lauer deposited an additional $1.5 million in the roll program trust account, later directing $735,000 of the money transferred to an account he controls. Another $565,000 was transferred to Konex and the remaining $200,000 was paid to JWP International, a firm controlled by Mr. Wilkenson.

SEC officials say they are uncertain where this $1.5 million came from, noting that it could be additional CHA money or could have been contributed by investors lined up by Mr. Wilkenson.

The SEC charges that the allegedly bogus prime bank instruments were unregistered securities that the defendants used to defraud the CHA. In addition to injunctive relief, the suit seeks the return of the invested assets and unspecified civil penalties.

Jerry Anderson, a Lexington lawyer representing Mr. Neal, said that the prime bank instruments are not securities and that therefore no securities law violations occurred.

He also said the Mr. Neal, who acted on the advice of several lawyers throughout the investment transactions, believes the CHA will recover its money.

"If someone has been taken, if it turns out there was a swindle," Mr. Neal is also a victim, Mr. Anderson said.

Mr. Polichemi could not be reached at his London home. BI

Smoke

Continued from page 1

"Her breathing worsened and, in January 1985, she was diagnosed as suffering from bronchial asthma aggravated by exposure to tobacco smoke and dust in the workplace," Judge Bellacosa wrote.

Her doctor recommended that she work only in a smoke-free environment, but the city repeatedly denied her transfer requests.

In 1985, she sought workers comp benefits based on her asthmatic condition. Prior to an administrative hearing in January 1986 before the state's Workers Compensation Board, Ms. Johannesen suffered two traumatic asthma attacks that required her to be rushed to an emergency room.

At the hearing, medical records indicated Ms. Johanessen's exposure to second-hand smoke at her office aggravated her condition. The Workers Compensation Law Judge found she suffered from a compensable "occupational disease" and granted benefits.

On appeal, however, the Workers Compensation Board rejected the judge's rationale and found instead that Ms. Johannesen sustained an "accidental injury"—not an "occupational disease"—from repeated exposure to passive cigarette smoke.

That distinction is important because workers can only be compensated for an occupational disease if they can show that they were exposed to elements at work that they did not encounter elsewhere.

The board restored the case to the workers compensation trial calendar, where a law judge determined the extent of her injuries and benefits allowed. The city then appealed to an appellate division of the board, which affirmed the decision.

In upholding the appellate division's decision, the New York Court of Appeals rejected the city's argument that Ms. Johannesen's exposure to smoke at work could not be deemed an accidental injury because it occurred over a long period of time.

"An accidental injury need not result suddenly or from the immediate application of some external force but may accrue gradually over a reasonably definite period of time," Judge Bellacosa wrote.

Ms. Johannesen's bronchial condition progressively worsened from 1981 to 1986, and although the progression was gradual, the record shows her "working environment was highly dangerous for her and aggravated her asthma," he said.

The court also rejected the city's argument that the absence of a "catastrophic or extraordinary" event disqualified Ms. Johannesen's claim from the accidental injury category. Judge Bellacosa noted that "the seriously adverse environmental conditions to which (Ms. Johannesen) was subjected as part of her job and workplace reasonably qualifies an unusual hazard, not the 'natural and unavoidable' result of employment."

Ms. Johannesen was awarded workers comp benefits for the 66 intermittent days she missed work, all but 12 of which were absorbed by sick leave.

The ruling sets a precedent "for employees who work in an office where smoking is allowed and they can prove they became ill because of it," said Merton Marks, a partner with Lewis & Roca in Phoenix, who represents employers in employment-related injury cases.

But, the ruling does not change existing criteria and legal principles for determining whether a work-related and work-site injury is accidental, stressed Howard B. Friedland, the New York assistant attorney general who argued the case for the Workers Compensation Board.

"It's not *any* exposure to smoke that will make a workers comp claim valid. It must meet the criteria the court set out," said Mr. Friedland.

"I don't expect a surge of claims because the decision is too specific to the facts of this case," said Margaret King, assistant corporate counsel with the New York City Law Department, which represented the city. It was clear the office was unusually smoky and there was no dispute it aggravated the woman's disability, she said.

"The fact pattern was so specific, we didn't think it'd have an affect on the city's workers comp program as a whole," agreed Bill Motherway, risk manager for the City of New York.

City ordinances now restrict smoking in open office areas, but workers increasingly complain about indoor air quality problems, Mr. Motherway said. Particularly in older office buildings, workers attribute aggravated allergies or illnesses to large amounts of mold.

Disabilities caused by poor indoor air quality likely could be considered accidental injuries compensable under the workers comp law—if they meet the high court's criteria.

But Ms. King cautioned that "poor indoor air quality is a much more elusive condition than second-hand smoke" and it would be harder for workers to prove it caused injury.

The Occupational Safety and Health Administration's Office of Health Standards currently is analyzing information about indoor air quality.

Several risk managers in other states said the New York ruling will have little impact on them because their companies have adopted smoke-free workplace policies. But, they are concerned about courts continuing to broaden the definition of accidental injury or occupational disease.

"As an employer, I feel we can only be responsible for so much. It becomes difficult in some cases to determine whether the cause of an injury could have come from somewhere else," noted Kenneth Gerrity, risk manager for GenStar Stone Products Co. in Hunt Valley, Md.

"This case may have opened the door for other claimants to assert a workplace exposure to second-hand smoke (or other pollutants) caused their injury," he said.

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Veronica Johannesen vs. New York City Department of Housing Preservation and Development, Workers Compensation Board, No. 89, New York Court of Appeals. June 21, 1994.

Updates

Pepsi to appeal sex bias award

PURCHASE, N.Y.—PepsiCo Inc. plans to appeal a $1.6 million award in a sexual harassment case involving a former employee of a Burnsville, Minn., bottling plant.

Hennepin County Court Judge Harold Kalina awarded Sandra K. Huffman, who quit her job as a bulk loading crew member in 1992, more than $770,000 in compensatory and punitive damages as well as costs and disbursements.

Also included in the award were a fine of $100,000 payable to the state of Minnesota and $756,000 in attorneys fees for Ms. Huffman. PepsiCo would not say if it has liability insurance for the award.

In her suit, Ms. Huffman said co-workers consistently made lewd remarks and catcalls, fondled her and at one time even threatened her at knifepoint. Judge Kalina found that she faced sexual harassment that was "pervasive, not isolated, and affected the terms and conditions of her employment." He also found that PepsiCo had retaliated in various ways after she complained.

PepsiCo has a strict policy against harassment, said a spokeswoman. Its efforts include training programs and specific processes to investigate a claim and take corrective action. Two workers accused of fondling Ms. Huffman were suspended for 30 days without pay.

Firm settles AIDS bias suit

SCHAUMBURG, Ill.—A mortgage firm will give $160,000 in back pay and damages and provide health care coverage for life to settle charges by an employee who said his 1992 firing, months after disclosing he had AIDS, violated the Americans with Disabilities Act.

Dovenmuehle Mortgage Inc. also agreed to reinstate Shawn L. Smith to his $40,280-a-year job. The settlement was approved June 22, one week before a jury trial was to start on the suit, which also included ERISA and intentional infliction of emotional distress claims.

Mr. Smith joined the firm in 1985 as a clerk and eventually became assistant vp. The company attributed his firing to poor performance.

Dovenmuehle indicated it chose to settle the suit as a "pragmatic business decision." The firm neither admits nor denies wrongdoing.

LMX writers blasted at trial

LONDON—Although Lloyd's of London underwriter Derek Walker was following common practices in the London excess-of-loss reinsurance market, that does not excuse him from responsibility for the large losses his syndicate incurred, says an expert witness for the members' suing over their losses.

Ulrich von Eicken, former managing director of the London office of Munich Reinsurance Co., contends that LMX business should not have been written at all.

He conceded under cross-examination that the entire LMX market disintegrated because of an unprecedented amount of catastrophes between 1988 and 1990. However, he argued, if the historical data was not there to help LMX underwriters evaluate potential losses, they should have reconsidered writing the business.

Mr. von Eicken is the star witness for the 3,095 Gooda Walker Ltd. members who are suing their members agents, alleging that Gooda Walker underwriters' negligence caused nearly 1 billion pounds ($1.54 billion) in losses (*BI*, May 2).

Briefly noted

GE Capital Services Inc. dropped its pursuit of **Kemper Corp.** after life/health insurance holding company Conseco Inc. offered to purchase Kemper for cash and stock valued at $67 per share. Kemper stock had been trading at $59.25 per share before Conseco's offer, which is valued at about $2.7 billion. . . .The 9th U.S. Circuit Court of Appeals has upheld the convictions of four Southern California attorneys on racketeering and mail fraud charges in connection with a ring called **the Alliance**. The ring cheated insurers of millions in legal fees between 1984 and 1987 by manufacturing and prolonging claims against policyholders. The attorneys—Monty Mason II, Richard Noyer, Lewis Koss and Leonardo Radomile—have been given sentences ranging from 37 to 46 months (*BI*, Aug. 26, 1991). . . .About 65 property/casualty insurers writing business in New Jersey have agreed to pay nearly 60% of the $1.3 billion deficit of the state market transition facility for **auto insurance**. The remaining 40% will be covered by a state bond financed with surcharges on bad drivers. . . .California Insurance Commissioner John Garamendi has ordered the state's **FAIR plan** to issue residential fire and earthquake policies statewide to help alleviate the availability crisis that hit the homeowners insurance market in the wake of the Jan. 17 earthquake. But if future losses exceed the premiums the FAIR plan collects, it has the authority to assess all property insurers in the state in proportion to their market share. . . .Ian Bond and Philip Singer, partners for the national insurance insolvency practice of Coopers & Lybrand, have been appointed provisional liquidators for **Charter Reinsurance Co. Ltd.** of London, which ceased underwriting last year. The provisional liquidators are considering setting up a scheme of arrangement to pay creditors. . . .Citibank N.A. and members agents at Lloyd's of London plan to set up **individual companies for Lloyd's members** who wish to convert from unlimited to limited liability membership of Lloyd's. Members that establish such companies, likely to be domiciled in Bermuda or Britain, will have to provide capital to meet their previously unlimited liabilities. . . .Value Health Inc. of Avon, Conn., completed its acquisition of Community Care Network, a San Diego-based specialty **workers comp managed care provider**. . . .Moody's Investors Services has upgraded **The Equitable Life Assurance Society**'s financial strength rating to A2 from A3. . . .The Internal Revenue Service last week issued final non-discrimination pension regulations governing employers with separate lines of business. An earlier version of the **so-called SLOB rules** was issued last year.

Health care

Continued from page 2

health insurance policies would be paid by insurers, not individuals or employers.

But the moderates' proposal continued to change day-by-day, and committee members said it still was impossible to say whether a consensus was near.

"Nobody trusts anyone in the middle—that's the story of Washington, D.C.," said Sen. David Durenberger, R-Minn., a member of the moderate group.

Indeed, Senate Minority Leader Robert Dole, R-Kan., who is preparing his own proposal, said: "I think we are still a long way from any consensus either in the committee or in the full Senate."

Hillary Rodham Clinton, though, said last week that she was encouraged by "what I hear is a very substantive discussion going on in the Finance Committee."

President Clinton, while not directly addressing the developments in the Finance Committee, told a meeting of the Business Roundtable last week that any proposal that did not assure universal coverage would be inadequate.

He acknowledged, though, that his own proposal was too regulatory and that more aid would be needed to reduce the impact of a health care mandate on small firms.

A coalition of consumer, labor and public interest groups wasted little time in denouncing the emerging compromise proposal. The Health Care Reform Project, which includes the AFL-CIO and the American Assn. of Retired Persons, said it would fiercely oppose any bill containing an individual mandate to purchase insurance.

Although the fate of reform legislation now before the House Ways and Means Committee remains up in the air, many members of that panel clearly are growing weary of the issue.

Both Republicans and Democrats, for example, were upset when Rep. Gibbons warned that late-night and weekend sessions were possible.

The weariness is easy to understand. The Ways and Means Committee has been dealing with health care reform, including dozens of hearings, almost continually since the start of the congressional session 18 months ago. And, tempers were flaring last week as the panel considered numerous amendments.

Rep. Pete Stark, D-Calif., labeled as "pernicious" a proposal by Rep. Fred Grandy, R-Iowa, to finance a new hearing aid benefit for children by slightly cutting tax credits provided to small, low-wage employers used to partially offset the cost of health insurance.

The proposal, Rep. Stark said, was aimed at undercutting support for the bill. "They (Republicans) are frustrating us at every point. Republicans don't want a bill."

Rep. Grandy acknowledged that he is against the Gibbons' proposal, but said it is unfair to blame him for wanting to make the bill at least "marginally better."

The Ways and Means committee, after dragging the debate on the Grandy amendment over two days—and after deleting financing for the hearing aid benefit—approved it on a 20-18 vote.

But the committee did make some headway last week, approving an amendment by Rep. Andrew Jacobs Jr., D-Ind., that would establish so-called high-deductible medical savings accounts.

Under the proposal, employees would have the option of selecting a plan with deductibles ranging from $1,500 to $2,500 for individual coverage and $2,150 to $3,000 for family coverage. That is substantially higher than the $500 deductible for individual coverage and $750 for family coverage in the nationally guaranteed benefit package outlined in the Gibbons bill.

Employers would pay the same percentage of premium for the high-deductible plan as they would pay for the guaranteed benefits package. Employers then would deposit in the employees' medical savings accounts the difference between their contributions to the high-deductible plan and what they would have contributed had the employees opted for the guaranteed package.

Employees then could withdraw funds tax-free from the account to pay for uncovered medical expenses. The funds could not be used to pay the employees' portion of health insurance premiums, and interest earned by the accounts would be taxed.

In other action, the House panel rejected a series of amendments that would have stripped coverage for abortions in the basic benefits package.

And, late Thursday, the committee rejected a Republican amendment that would have forbidden states from setting up single-payer health-care financing systems, as well as an amendment that would have deleted the entire portion of the bill that allows states to continue various health care reform experiments.

In offering the latter amendment, Rep. Bill Archer, R-Texas, said the bill in its current form would weaken federal pre-emption of state employee benefit laws now contained in the Employee Retirement Income Security Act.

Despite these votes, the Ways and Means Committee was nowhere near done with its work as of late last week, with dozens of amendments still under consideration. Still, Rep. Gibbons said he hopes to complete action on the proposal by this week before Congress breaks for the Independence Day holiday.

"We have a lot of work do with a very limited amount of time remaining," Rep. Gibbons said.

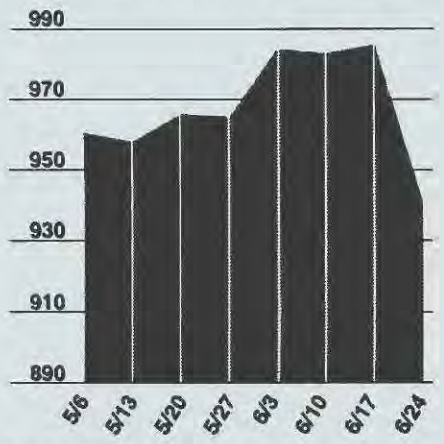
As the Ways and Means Committee wrangled, the House Education and Labor Committee approved a health care reform measure based on the Clinton bill by a 26-17 vote, with two Democrats joining all 15 GOP members in opposing the measure. Before approving the proposal, the committee rejected an amendment by Rep. Tim Roemer, D-Ind., that would have allowed businesses with 500 or more employees to self-insure if they offer their employees three choices of health insurance. The Education and Labor bill put the threshold for self-insurance at 1,000.

Meanwhile, in the Senate, where the prospects in the Finance Committee remain cloudy, Democratic leaders informally discussed another strategy to speed up action: If the Finance Committee can't agree on a compromise proposal, the Clinton-like health care bill approved this month by the Senate Labor and Human Resources Committee would be brought up for a vote on the Senate floor.

Amendments would be added on the Senate floor to make it acceptable to more members. If Republicans then filibuster and the bill dies, the Democrats could go into the fall elections blaming Republicans for the defeat of health care reform legislation.

There is a precedent for such a scorched-earth strategy. In 1992, Senate Democrats allowed legislation to die that would have reformed certain health insurance practices, like exclusions for pre-existing medical conditions. Some Democrats were willing to see the proposal die for fear that its passage would have given a boost to President Bush, who endorsed it, and thus derail broader health care reform effort. BI

BI Insurance Index



Base = 100 on Dec. 29, 1978
Source: Nordby International Inc.

Insurance stocks tumbled last week, as the *Business Insurance* Index lost 44.5 points to 940.7 June 24 from 985.3 on June 17. Advancing issues for the week were led by: Kemper Corp., up 4.7%; Safeguard Health Enterprises, up 2.8%; and Penn-America Group, up 1.8%. Declining issues for the week followed: Sierra Health Services, down 15.7%; American Re Corp., down 12.2%; and Reliance Group Holdings, down 10.9%. The most active issue was U.S. Healthcare, 12.0 million shares traded. The *BI* Index fell 4.5%; the Dow Jones 30 Industrials lost 3.8%; the NYSE Composite fell 3.5%; and the Standard & Poor's 500 fell 3.4%.

British Issues

June 23 Companies	Price pence	P/E	Div. pence	Yield %	1 week high—low
Comml Union	516	16.4	31.0	6.0	518—511
Genl Accident	558	11.2	34.4	6.2	562—552
Gdn Royal Exch	172	11.1	9.5	5.5	177—168
Independent	250	7.1	10.4	4.2	251—250
Royal	252	11.0	9.4	3.7	262—252
Sun Alliance	298	13.4	18.4	6.2	299—295
Brokers					
Bradstock	114	13.0	6.9	6.0	114—114
Fenchurch	153	12.0	9.0	5.9	153—152
CE Heath	333	11.9	20.0	6.0	342—332
JIB Group	164	14.3	9.4	5.7	166—164
Lloyd Thompson	238	16.1	9.4	3.5	240—238
Lowndes Lmbrt	407	12.6*	18.8*	4.6	407—407
Nelson Hurst	173	7.0	7.0	4.0	173—170
PWS Holdings	56	N/M	2.5	4.5	56—56
Sedgwick Grp	170	18.9	7.5	4.4	177—170
Steel Brl Jones	125	N/M	17.3	9.0	125—125
Willis Corroon	154	14.1	8.3	5.4	156—154

Source: Philip Olsen, London* Estimated; others actual 1993

BI Industry Stock Report JUNE 20, 1994, THROUGH JUNE 24, 1994

BROKERS		Price	Weekly % change	Year to date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt./Bk. value
Acordia Inc.	NYS	28.38	0.00	15.23	28.75	21.00	3	0.60	2.11	14	10.22	2.78
Alexander & Alexander	NYS	16.75	-2.19	-15.72	28.00	14.00	589	0.10	0.60	-	6.73	2.49
E.W. Blanch Holdings Inc.	NYS	20.25	-2.41	16.55	23.50	15.75	13	0.32	1.58	19	4.10	4.94
Gallagher Arthur J. & Co.	NYS	30.63	-1.61	-14.34	37.13	28.13	65	0.88	2.87	15	7.52	4.07
Hilb, Rogal & Hamilton	NYS	12.13	-3.96	-7.62	15.13	11.13	42	0.48	3.96	18	4.51	2.69
Marsh & McLennan	NYS	85.50	-2.70	5.07	91.88	77.00	652	2.90	3.39	18	16.76	5.10
Poe & Brown	OTC	19.50	-4.88	8.33	20.75	16.88	22	0.40	2.05	16	3.02	6.46
BROKERS	AVERAGE		-2.5	1.1					2.4	14		
INSURERS/REINSURERS												
ACE Ltd.	NYS	24.00	-5.88	-21.31	36.00	24.00	501	0.44	1.83	5	28.74	0.84
Acceptance Insurance Cos.	NYS	13.25	0.00	13.98	15.63	11.13	20	0.00	0.00	16	9.65	1.37
AEGON N.V.	NYS	52.00	-0.72	-5.02	58.50	43.25	18	2.95	5.66	10	34.71	1.50
Aetna Life & Casualty	NYS	56.88	-1.09	-5.60	66.25	49.75	1486	2.76	4.85	-9	71.84	0.79
Allied Group Inc.	OTC	25.75	1.48	3.00	32.75	22.75	62	0.60	2.33	7	10.45	2.46
Allmerica Prop. & Casualty	NYS	17.25	1.47	-19.92	22.16	15.00	103	0.16	0.93	9	56.97	0.30
Allstate Corp.	NYS	24.00	-4.00	-19.33	34.25	22.63	889	0.72	3.00	15	18.43	1.30
American General	NYS	27.88	-2.19	-2.19	36.50	24.88	1556	1.16	4.16	22	22.09	1.26
American Heritage Life Ins.	NYS	17.50	-6.04	-6.04	25.13	16.75	25	0.60	3.43	11	12.42	1.41
American Indemnity/Fin'l	OTC	11.38	-4.21	-12.50	16.25	11.00	32	0.24	2.11	4	16.18	0.70
American International	NYS	89.75	-5.77	1.84	100.25	81.75	1781	0.46	0.51	15	45.25	1.98
American Re Corp.	NYS	28.75	-12.21	1.77	37.50	23.50	135	0.00	0.00	15	14.80	1.94
Aon Corp.	NYS	32.88	-4.36	2.20	39.00	30.00	445	1.28	3.89	11	33.10	0.99
Argonaut Group	OTC	27.00	0.00	-11.48	35.50	26.25	56	1.16	4.30	8	27.65	0.98
AVEMCO Corp.	NYS	14.88	-3.25	-20.67	22.00	14.50	80	0.44	2.96	12	8.13	1.83
Baldwin & Lyons Inc.	OTC	14.75	0.00	-0.84	16.25	12.66	0	0.24	1.63	9	12.59	1.17
Berkley W.R. Corp.	OTC	38.75	-4.62	18.32	48.00	32.00	-150	0.44	1.14	16	28.12	1.38
Berkshire Hathaway Inc.	NYS	16200.00	-1.52	-0.77	17800.00	14000.00	1	0.00	0.00	-	8115.28	2.00
Capital Re Corporation	NYS	20.00	-4.19	-22.33	28.50	18.50	120	0.20	1.00	8	21.66	0.92
Capsure Holdings Corp.	NYS	15.75	0.00	16.67	19.38	12.75	30	0.00	0.00	15	13.08	1.20
Chubb Corp.	NYS	77.25	-2.98	-1.75	93.38	70.75	815	1.84	2.38	25	46.59	1.66
CIGNA Corp.	NYS	70.38	-2.43	11.26	73.75	56.50	1369	3.04	4.32	17	78.23	0.90
CNA Financial Corp.	NYS	61.50	-4.28	-21.90	96.00	61.50	139	0.00	0.00	-30	77.92	0.79
Continental Corp.	NYS	15.88	-4.51	-42.53	34.63	15.88	763	1.00	6.30	18	38.99	0.41
EMC Insurance Group Inc.	OTC	9.00	-2.70	-5.26	10.25	8.50	2	0.52	5.78	13	N.A.	N.A.
Emphesys Financial Gr. Inc.	NYS	30.00	-5.51	NA	32.00	21.25	224	0.60	2.00	8	N.A.	N.A.
EXEL Ltd.	NYS	38.88	0.00	-13.61	49.38	38.75	2051	1.20	3.09	7	33.81	1.15
Fremont General Corp.	NYS	24.00	-0.52	-0.52	28.75	21.50	101	0.76	3.17	7	23.40	1.03
Frontier Insurance Group	NYS	31.63	-4.17	-27.92	33.38	25.41	74	0.48	1.52	16	16.33	1.94
Gainsco Inc.	ASE	9.00	-2.70	0.00	13.03	7.84	104	0.04	0.44	13	3.49	2.58
General Re Corp.	NYS	109.63	-6.00	3.18	133.38	101.75	869	1.92	1.75	15	55.54	1.97
Guaranty National Corp.	NYS	15.25	-0.81	-12.86	24.75	13.75	25	0.50	3.28	10	11.81	1.29
Harleysville Group	OTC	20.50	-5.75	-28.07	30.25	20.25	243	0.64	3.12	12	18.35	1.12
Hartford Steam Boiler	NYS	43.75	-4.63	-1.69	54.88	42.63	117	2.12	4.85	125	15.80	2.77
HCC Insurance Holdings	OTC	18.50	-6.33	-8.26	23.84	15.00	42	0.00	0.00	15	14.94	1.24
Home Holdings Inc.	NYS	13.00	-7.14	-24.64	18.50	10.63	33	0.00	0.00	-4	19.96	0.65
ITT (Hartford Group)	NYS	81.88	-3.53	-10.76	95.97	76.97	1069	1.98	2.42	11	57.11	1.43
Kemper Corp.	NYS	61.38	4.69	71.08	62.00	32.88	7245	0.92	1.50	-65	38.98	1.57
Lawrence Insurance Group	ASE	2.50	0.00	-31.03	6.75	1.50	0	0.00	0.00	-6	4.26	0.59
Lincoln National	NYS	41.75	-2.05	-2.91	48.25	36.75	841	1.64	3.93	9	32.53	1.28
Markel Corp.	OTC	39.75	1.27	3.25	44.50	35.50	12	0.00	0.00	10	24.68	1.61
Mid Ocean Ltd.	OTC	25.75	-5.50	-8.85	34.75	25.00	553	0.00	0.00	13	20.24	1.27
Mutual Risk Mgmt. Ltd.	NYS	23.75	-5.47	-20.83	32.75	21.75	80	0.28	1.18	14	5.71	4.16
NAC Re Corp.	OTC	27.50	-9.84	-5.58	38.25	24.00	293	0.16	0.58	13	19.24	1.43
National Re Corp.	NYS	26.50	-9.01	-13.47	37.13	26.50	49	0.16	0.60	9	17.51	1.51
Navigators Group	OTC	17.75	-4.05	-49.29	39.00	16.50	107	0.00	0.00	-10	16.99	1.04
Nobel Insurance Ltd.	CTC	8.00	-1.54	4.92	8.50	6.63	41	0.20	2.50	5	6.84	1.17
NWNL Companies	NYS	33.13	-3.28	1.92	38.75	27.00	293	0.90	2.72	12	23.97	1.38
Ohio Casualty Corp.	CTC	30.00	-0.83	-5.88	36.00	26.50	456	1.46	4.87	14	47.68	0.63
Old Republic Int'l	NYS	22.38	-3.24	-0.56	27.63	21.50	303	0.48	2.15	8	23.57	0.95
Orion Capital Corp.	NYS	34.13	0.37	10.53	37.50	28.63	45	0.72	2.11	9	27.43	1.24
Penn-America Group Inc.	OTC	7.00	1.82	-8.94	9.50	6.50	84	0.00	0.00	8	6.21	1.13
Phoenix Re Corp.	OTC	24.50	-4.85	-10.91	38.25	18.50	470	0.30	1.22	8	19.99	1.23
Provident Life	NYS	27.25	-2.68	-13.83	31.88	24.38	69	1.04	3.82	-13	26.38	1.03
Re Capital Corp.	OTC	12.75	-3.77	-6.42	15.50	12.25	31	0.32	2.51	12	16.88	0.76
Reliance Group Holdings	NYS	5.13	-10.87	-33.87	10.38	5.00	324	0.32	6.24	7	4.22	1.21
RLI Corp.	NYS	21.25	-0.58	-20.56	27.75	20.88	26	0.56	2.64	-35	22.91	0.93
St. Paul Companies	NYS	38.75	-1.90	-13.65	49.00	37.63	618	1.50	3.87	8	57.84	0.67
SAFECO Corp.	OTC	56.88	-2.99	4.12	65.75	48.50	799	1.96	3.45	10	41.59	1.37
SCOR U.S. Corp.	NYS	11.13	-1.11	-11.88	16.88	10.13	15	0.36	3.24	62	13.08	0.69
Seibels Bruce Group	OTC	1.63	0.00	-7.14	2.13	0.31	116	0.00	0.00	-1	1.90	0.86
Selective Ins. Group	OTC	25.25	1.00	-16.53	31.00	23.00	42	1.12	4.44	13	23.11	1.09
Sphere Drake Holdings	NYS	16.25	0.00	-1.52	21.63	14.63	10	0.12	0.74	7	12.17	1.34
Statesman Group Inc.	NYS	14.88	0.00	19.00	15.25	10.13	514	0.10	0.67	6	8.65	1.72
TIG Holdings	NYS	19.50	-9.30	-13.81	28.00	17.25	231	0.20	1.03	-14	18.49	1.05
Titan Holdings Inc.	NYS	8.75	-2.78	-19.54	13.38	8.75	69	0.25	2.86	7	8.93	0.98
Tokio Marine & Fire	OTC	63.00	-2.70	16.67	67.00	49.25	5	0.38	0.60	-	57.72	1.09
Torchmark Corp.	NYS	39.25	-2.18	-12.29	59.75	36.75	450	1.12	2.85	10	17.35	2.26
Transatlantic Holdings	NYS	53.50	-4.89	0.23	61.50	45.38	88	0.36	0.67	14	29.60	1.81
Travelers Corp.	NYS	32.38	-6.83	-16.72	49.50	31.38	4343	0.60	1.85	8	33.35	0.97
Trenwick Group Inc.	OTC	40.75	-4.12	5.16	47.75	33.25	31	1.00	2.45	15	26.00	1.57
United Fire & Casualty	OTC	40.00	-4.76	11.11	44.00	34.75	0	1.08	2.70	10	38.96	1.38
Unitrin	OTC	39.88	-3.92	-6.18	46.75	38.50	439	1.40	3.51	25	38.90	1.03
UNUM Corp.	NYS	46.75	-1.58	-10.95	60.13	44.50	1032	0.96	2.05	12	27.55	1.70
US Facilities Corp.	OTC	12.88	-2.83	8.42	14.63	8.25	324	0.00	0.00	14	10.48	1.23
USF&G Corp.	NYS	12.63	-1.94	-16.53	19.63	11.69	883	0.20	1.58	14	10.60	1.19
USLICO Corp.	NYS	18.63	-2.61	12.88	20.50	15.75	23	0.24	1.29	8	25.22	0.74
USLIFE Corp.	NYS	36.88	-2.32	-4.84	45.75	34.88	90	1.24	3.36	8	41.73	0.88
Washington National	NYS	22.25	-3.26	-8.25	26.13	20.63	64	1.08	4.85	8	28.40	0.78
Zenith National Ins.	NYS	23.75	-5.94	7.34	29.13	20.63	29	1.00	4.21	9	17.71	1.34
Zurich Reinsurance Centr.	NYS	26.50	-2.75	-6.19	34.00	24.25	26	0.00	0.00	-	24.41	1.09
INSURERS/REINSURERS	AVERAGE		-3.1	-6.2					2.4	9.9		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International	OTC	23.75	-3.06	-8.65	30.00	16.25	1477	0.00	0.00	14	11.43	2.08
PacifiCare Health Sys.	OTC	51.38	-9.67	36.09	60.25	30.50	426	0.00	0.00	20	11.15	4.61
Safeguard Health Enter.	OTC	13.88	2.78	11.00	15.50	8.00	6*	0.00	0.00	16	5.71	2.43
Sierra Health Services	NYS	22.88	-15.67	2.81	30.75	15.13	23*	0.00	0.00	15	4.60	4.97
TakeCare Inc.	OTC	77.75	0.00	42.66	78.25	38.00	0	0.00	0.00	24	18.69	4.16
United Healthcare Corp.	NYS	46.38	-4.87	24.08	50.75	26.00	4581	0.03	0.06	34	10.64	4.36
U.S. Healthcare	OTC	40.56	-1.07	5.82	47.50	26.66	1200*	0.68	1.68	20	6.21	6.53
Wellpoint Health Networks	NYS	30.00	-6.25	-2.83	37.00	24.00	505	0.00	0.00	15	10.94	2.74
HMOs	AVERAGE		-4.7	13.9					0.2	18		
ALL COMPANIES	AVERAGE		-3.5	2.9					2.5	13		

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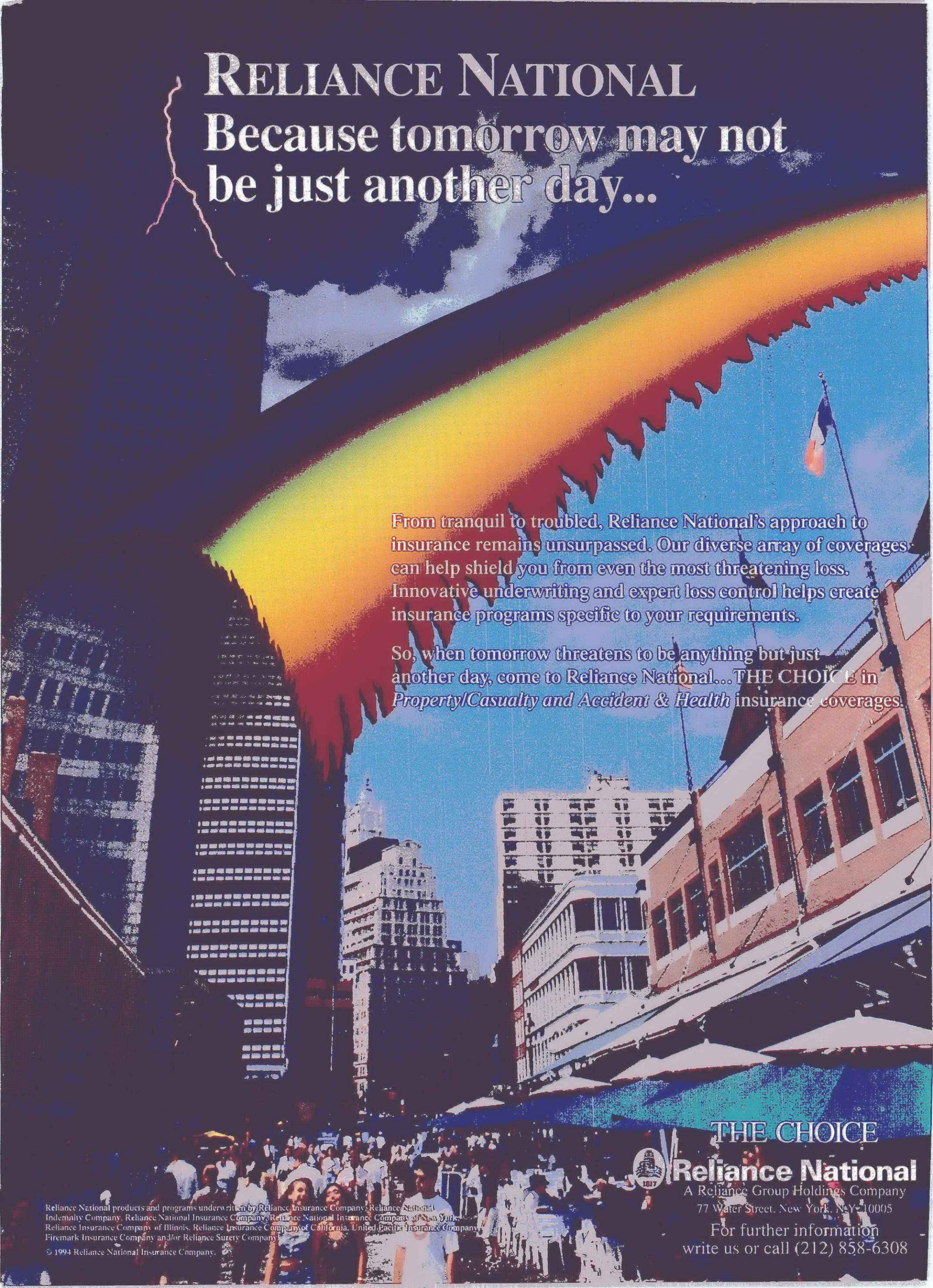

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