

Insurance options, decisions abound

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SYRACUSE PPO, HMO, and POS, oh my.

That phrase reminiscent of "The Wizard of Oz" conveys the frustration faced by consumers when trying to pick a health plan. At the same time, companies spend hours and hours developing marketing campaigns to help clear up confounding insurance lingo, and woo consumers to their company.

During the most recent open-enrollment period, held September to November 2002, three health-insurance companies - Excellus BlueCross BlueShield, Central New York Region (BCBSCNY); HealthNow New York, Inc.; and MVP Health Care - advertised anywhere and everywhere to try to accomplish this mission. None of the companies would disclose exact marketing figures due to the competitive nature of the business.

MVP took an innovative approach,

developing an advertising campaign formally titled "People for Better Care" that directed potential customers to a Web site, www.joirunvp.com. The campaign was launched Sept. 29 and ran until late November. MVP members, employees, and business owners served as spokespeople for the company in the ads, which ran on television, radio, billboards, and in print.

The campaign appears to have been successful, as nearly 36,000 people visited the site during the open-enrollment period. This is about twice as many as during the same period in 2001.

As a result of the campaign, the company boasts nearly 14,400 more members (67 percent) than last year in its Mid-State Region, which covers Cayuga, Cortland, Onondaga, and Oswego counties. The company's Central Region (covering Herkimer, Oneida, Lewis, and Madison counties) has 56,734 members and added 6,747 (14 percent) since last year, while the Southern Tier Region has 32,000 members in Broome, Chenango, Tioga, and Chemung counties.

In August 2002, MVP decided to switch its approach to open enrollment to promote its new products.

"We had a little bit of a challenge because, when we were strictly an HMO, we were able to advertise ... specific benefits to being a member of our HMO [with an] emphasis in preventative care," says Gary Hughes, MVP's associate director of public relations. "We found we needed to spend less time in ads [discussing] specific benefits and more on developing the MVP name and [plan] flexibility.

"[The Web site] is a way to provide people with a more in-depth look at the health plan than we could do with the, other ads," Hughes adds. "We had a very good fall enrollment season in terms of growth in Central New York and the Syracuse area."

Overall, MVP has approximately 550,000 members in eastern New York State, Vermont, and small portions of western Massachusetts and northern Pennsylvania. The company was founded in 1983 as the Mohawk Valley Physicians Health Plan and shortened its name to MVP a few years ago.

According to Hughes, MVP developed its campaign because of market research

- and not based on other companies' advertising.

"[Other companies] do not have near the impact as does research with existing customers and market research with prospective customers," Hughes says. "We're proactive in advertising, not reactive."

And when we are, we focus on what market research tells us and not what competitors are doing."

Hughes says MVP's rates are about 10 percent higher than last year, but conveys that the increase was less than from 2001 to 2002.

"We provide the advantages of a large company and [supply] the intimate attention that people are used to seeing from a smaller

company," Hughes says. "I think that's what we were trying to [show] in those ads."

Traditional approach

BCBSCNY designs plans with employers in order to control costs and provide a high level of benefits.

"Our most successful marketing efforts continue to be those that demonstrate our ability to respond to the changing needs of our customers through our broad portfolio of new and existing products," says Elizabeth Martin, vice president of communications for BCBSCNY.

Like MVP, BCBSCNY uses its Web site (www.bcbscy.org) as an integral part of member recruitment.

"Prospective members can read more about our health plans, find out if their doctor participates through our searchable provider directory, and complete a new membership application online," Martin says. "Our Web site is just one of several tools that we use to enhance our overall customer service."

BCBSCNY recently created "My Health Plan Advisor," an interactive tool that allows individuals to peruse the company's many plans and compare two or more plans simultaneously.

In 2002, the company experienced a 3.5-percent growth and now boasts 700,000 members in the region - which includes Cayuga, Cortland, Jefferson, Lewis, Oswego, Onondaga, St. Lawrence, and Tompkins counties.

"We feel we had a successful open-enrollment period that met our goals for membership acquisition and retention," Martin says.

According to Martin, BCBSCNY raised premiums for some groups "in response to increased demand and utilization of medical services, the increased costs associated with new procedures and new technologies, and the rising costs of prescription drugs."

While Martin did not release an exact rate increase, she referred to a study that showed that BCBSCNY has a 7.1-percent administrative cost, which is 40 percent less than the average national rate. The information was based on a study conducted by Milliman USA, Inc., entitled "Healthcare Administrative Cost Trends."

Syracuse's newest entree HealthNow is the newest health-insurance company in the Syracuse area. According to Syracuse General Manager Wendy Kotcamp, HealthNow expanded to the Salt City last year and boasts 6,500 local members, and 20,000 members in 27 counties across New York State. That number represents the company's infancy in the area, Kotcamp says.

"HealthNow is not a new company in New York State, but a new name in Central New York," she says.

Therefore, HealthNow tailored its marketing campaign toward introducing local residents to the company. The theme of the ads focused on the company's readiness when health problems may arise for its customers.

"We want people to be more familiar with the name before they select us for their health plan," Kotcamp says. "The objective is to increase brand awareness in the market."

The organization sponsored more than 42 events around the community last year as a corollary to that approach, Kotcamp says. This includes sponsorships of events that benefit Syracuse Stage and the Susan G. Komen Breast Cancer Foundation.

Meanwhile, the company served as the primary sponsor for the Ride for Research with the American Lung Association - a four-day, more than 300-mile bicycle event from Saranac Lake to Ithaca that benefits tuberculosis and flu research.

The company's advertisements which ran on television, radio, print, billboard, and through direct mail - directed consumers to call a toll-free number or visit the company's Web site, www.healthnowny.com. And like other companies, ads are created independently of what competitors may offer.

"We look at what message we'd like to deliver and our strategy in each market. Our plan is developed based on those things," Kotcamp says. "What another insurance company decides to be [important] in [this] market doesn't affect what we do."

HealthNow takes a unique approach to setting premiums, adjusting rates every quarter but sticking to annual rates. This allows

consumers to sign up throughout the year and helps HealthNow analyze cost and utilization trends, Kotcamp says.

Finally, HealthNow announced a partnership with MetLife in November to recruit new members. This arrangement, through MetLife's Small Business Center, allows small businesses to purchase a package that features life and health insurance. The package is available to businesses with two to 50 employees in the Syracuse and Rochester areas.

"We sell their life insurance and they sell our health insurance," Kotcamp says.

Who offers what and how?

Excellus BlueCross BlueShield, Central New York Region; HealthNow New York, Inc.; and MVP Health Care offer many health plans to their customers. A sampling of that list is below.

EXCELLUS BLUECROSS BLUESHIELD, CNY REGION

* HMO Blue: Low-cost doctor visits, more than 4,700 physicians and consulting health professionals, access to every local hospital, and a 24-hour healthinformation line.

* BluePPO: Cost-sharing options, small co-payments for office visits and annual routine physical examinations, no lifetime maximum for inpatient hospitalization, and out-of-network coverage without a referral. Overall, BluePPO offers access to more than 9,000 providers in 31 counties across the state.

* BluePPO Savings Account Plan: Companies with more than 50 employees can contribute a fixed amount to an employee's account each year. The employee then can spend the funds for medical services, prescription drugs, and other health-care needs. Employees can visit any provider they choose without a referral. After funds have been exhausted, employee must pay the remainder out of his pocket until the amount reaches a fixed deductible when the health plan provides full coverage. Preventative services are not subject to the deductible.

HEALTHNOW

* HMO: Covers hospital, physician, and other medical services as well as preventative-care visits - routine physical exams, well child care, immunizations, health-care screenings, and biennial eye exams. Members choose a primary-care physician, who either provides care or recommends the patient to another doctor in the network. No formal referrals are required.

* Point of Service: Members choose a primary-care physician, but are free to visit doctors who are not in the network. Other benefits are similar to HMO.

MVP

* HMO: Includes coverage of office visits, hospital services, emergency care, and maternity services. A \$10 co-pay applies in some cases, different charges are levied in others, and there is no charge in certain instances. There are no deductibles, and more than 12,000 physicians and health-care providers exist planwide.

* PPO: Allows members to visit doctors or hospitals nationwide with no referrals. There are 350,000 in-network doctors, 40,000 pharmacies, and 3,000 hospitals.

* Exclusive Provider Organization (EPO): Similar to PPO. Members of the EPO can see any doctor in the MVP network without referrals and can customize copay, co-insurance, and deductible options.

* Self-funded or Self-Insured: Allows organizations to use company money to pay claims, while MVP administers the plan. The employee pays the appropriate copay and the employer pays the remainder out of Its health-care fund.