

# Ensuring the Future of HMO-USA

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A new method for financing  
HMO-USA operations

# HMO-USA Today: Market Leader

As HMO-USA marks its 10th anniversary on Jan. 1, 1993, it can claim a notable record of achievement in the national account marketplace. It is the largest HMO network in the country, with HMO locations in 40 states and the District of Columbia. (See **Figure 1**.) Nearly 90 percent of the nation's population live within the service area of an HMO-USA HMO.

## HMO-USA NETWORK

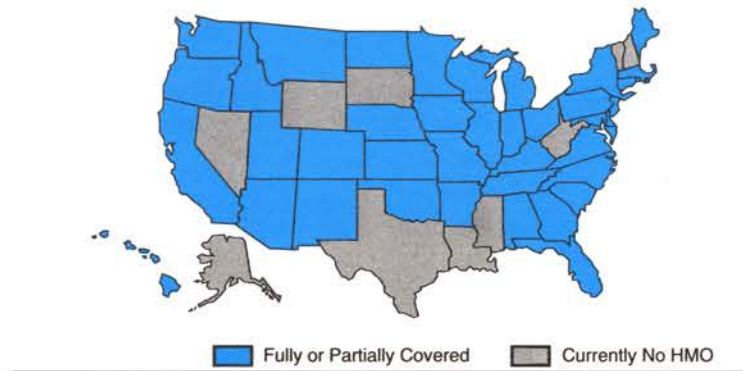


Figure 1

Other national HMO companies cannot match the broad reach of the HMO-USA network. Only CIGNA and Aetna have HMO locations in at least 20 states. Prudential, Metropolitan and Kaiser have HMOs in only 16, 15 and 10 states respectively. **Figure 2** shows the number of states in which each of the national HMO competitors operates.

## NATIONAL HMOs – STATES COVERED AS OF JULY 1991

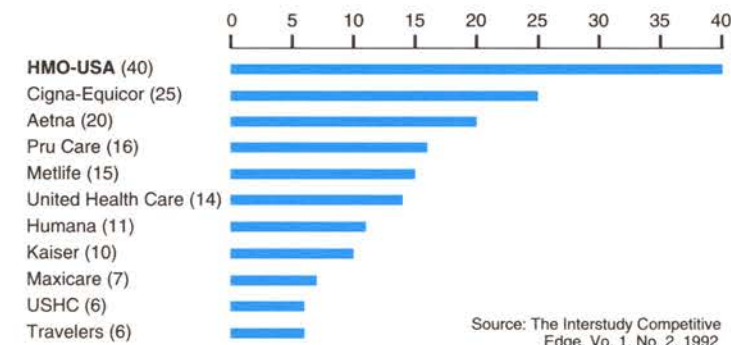


Figure 2

Because of HMO-USA's extensive geographic coverage, its Away From Home Care program for travelers and out-of-state residents has become a powerful competitive tool in local accounts as well as national. Most Blue Cross and Blue Shield Plan HMOs use the Away From Home Care advantage when appealing to potential members during open enrollment.

The 70 HMOs that make up the HMO-USA network enroll nearly 5 million members. In terms of membership, the total membership of Blue Cross and Blue Shield Plan HMOs is second only to the Kaiser System's 6.5 million members. **Figure 3** shows that the two HMO market leaders claim almost one-third of all HMO members in the country. Members enrolled through HMO-USA national accounts make up 8 percent of the Blue Cross and Blue Shield Plans' total HMO membership.

### NATIONAL HMOs – MEMBERSHIP AS OF JULY 1991

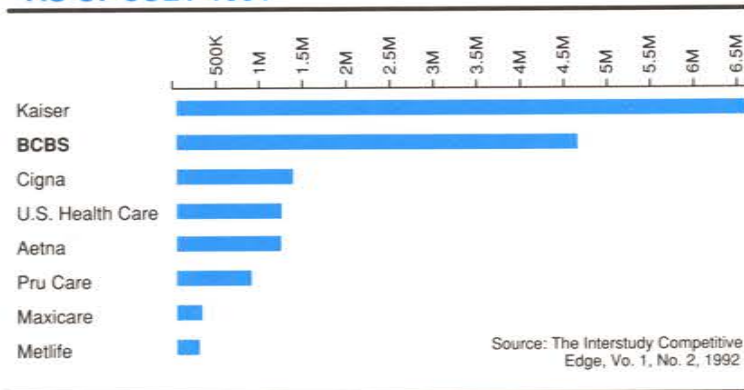


Figure 3

More and more national companies are recognizing the value of HMO-USA's consolidated administrative services. As of mid-1992, 110 accounts, including such prominent companies as Xerox, Ernst and Young, JC Penney, Pepsi and United Airlines, are enrolled under the HMO-USA banner. (See **Figure 4**.) In 1992, the pace of new HMO-USA sales is accelerating, as is current client interest in expanding the number of HMO-USA locations available to their employees.

### HMO-USA ACCOUNT SALES

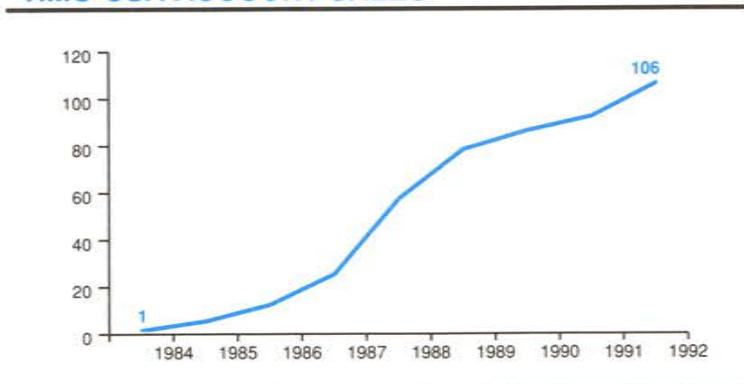


Figure 4

# Changing Role of the Association

The Blue Cross and Blue Shield Plans are redefining the role of the Association in accomplishing our organization's mission. In the future, Association activities will be concentrated on functions such as health care reform, protection of the marks and efforts to ensure Plan financial viability. Plan dues will be used to support these high priority activities that are critical to all parts of the system. Criteria to identify those activities that will remain dues-funded include the following:

- ▶ The activity serves a broad number of Plans, in the same relative proportion as Plan dues.
- ▶ The activity is in its early developmental stages, not yet ready for operation or use by a broad number of plans.
- ▶ The activity cannot practically be financed by a methodology other than dues.

According to these criteria, HMO-USA will be financed outside of the dues structure. Its support will be provided by those Plans that use and derive value from its services.

Fifty-seven of the 75 Blue Cross and Blue Shield Plans participate in the national network of HMOs. With only one exception, every Plan that has an HMO participates in HMO-USA. To maintain existing HMO-USA operations, each participating HMO is being asked to sign an amendment to the HMO-USA Participation Agreement that will require an annual membership fee. The annual fee will be assessed in 12 equal monthly installments along with Plan dues. It will be paid only by those HMOs that are members of the HMO-USA network. The fee will entitle member HMOs to all HMO-USA services, without additional fees or charges.

To assure member HMOs a voice in the goals, business plan, policies and financial management of HMO-USA, a steering committee will be formed, representing all HMO-USA Plan members. A body of no fewer than six and no more than nine delegates, broadly representing HMO sizes and geography, will guide the future direction and objectives of HMO-USA.

The following pages describe the activities that are part of today's HMO-USA operations, how the Association proposes to fund those activities and how the method of funding was determined.



# HMO-USA Functions

Blue Cross and Blue Shield Association staff actively support HMO-USA network HMOs in the marketing, sale and ongoing delivery of the HMO-USA product to national accounts. The Association support role in each of these functions is as follows:

Function	Association Support
Promotion	Sales brochures, sales materials for both account decision-makers and potential members
Proposals	Par HMO solicitation, rate and benefit collection and presentation, consultant questionnaires, formal account proposals
Sales	Sales training programs, prospecting assistance, network geographic matches, account presentations
Account Implementation	Enrollment campaign coordination, administrative instructions, network contracts
Operations Service Center	Centralized HMO premium billing, collection and disbursement, and Administrative Allowance collection
Away From Home Care	Program administration, AFHC referral service (800#), reference materials
Network Management	Account service, HMO coordination, problem resolution
Account Renewal	Rate and benefit collection/negotiation, network expansions, renewal questionnaires, administration/contract changes
Network Administration	HMO-USA Participation Agreements, AFHC agreements, enrollment reporting, HMO-USA governance
Product Development	Product enhancements, e.g., uniform benefits, advanced HMO rating, coordinated administration of self-funded plans, consolidated account reporting, "open-ended" HMO programs

Figure 5 shows the 10 function annual cycle for a typical HMO-USA national account. The Association-supported functions provide the network services that distinguish the HMO-USA product from a national account dealing independently with multiple HMOs.

## HMO-USA FUNCTIONS: ANNUAL ACCOUNT CYCLE



Figure 5

# Funding for HMO-USA Functions

Association staff provide support for three of the 10 functions on a fee-for-service basis: promotion, the Operations Service Center and network management. The promotion function is funded by charging network HMOs for HMO-USA promotional materials on a per item basis. Both the Operations Service Center and network management functions are funded through the 0.5 percent HMO-USA administrative allowance that is paid through the national account's HMO-USA premiums.

The remaining seven "core" HMO-USA functions are financially supported through the annual Blue Cross and Blue Shield Plan dues paid to the Association. **Figure 6** shows that in 1992 the expenses associated with the core functions amounted to \$1.2 million, or 59 percent of HMO-USA's total expenses. Figure 6 also shows that the expenses associated with the three fee-for-service functions mentioned above amounted to \$823,000, or 41 percent of HMO-USA's total expenses, in the 1992 budget.

## 1992 OPERATING COSTS (000s)

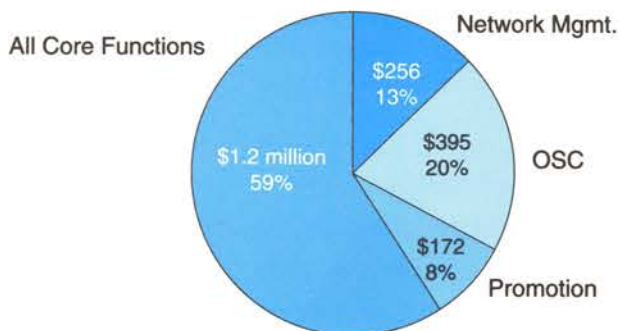


Figure 6

## The Need for the Core Functions

HMO-USA's past successes can be attributed to its ability to provide both high quality health care for an account's employees through network HMOs and simplified administration of a national account's HMO offering, coordinated through the Association. The core functions that contribute to simplified coordinated administration for the national account must continue to be supported by a central, national staff at the Association.

A central, national staff provides the following critical advantages:

- ▶ knowledge of the entire network's systemwide capabilities
- ▶ a common source of data representing the capabilities of the network

- ▶ a common, consistent set of rules and procedures for dealing with network HMOs and accounts
- ▶ a consistent level of support and performance to national accounts
- ▶ the ability to project a positive image for HMO-USA and Blue Cross and Blue Shield Plans in the national account HMO marketplace.

The continuation of the core functions provided by Association staff will enable HMO-USA to continue to provide high quality, comprehensive administrative support to HMO-USA national accounts.

## The New Approach: HMO-USA Membership Fee

As discussed previously, funding for activities such as the core HMO-USA support provided by Association staff is to move from Plan dues funding to a Plan user fee approach. After assessing various pricing options, we determined that an annual HMO-USA membership fee would be the best approach to achieve this objective, while at the same time providing a fair and equitable means of assessing network HMOs.

Under the HMO-USA membership fee approach, each HMO will pay an annual fee for the pre-defined set of HMO-USA support services provided by the Association. Once the membership fee is paid, the HMO will be able to use these pre-defined HMO-USA support services at no additional cost. In contrast to a price-per-service approach, the HMO-USA membership fee:

- ▶ eliminates a potential cost barrier to HMOs deciding to use HMO-USA support services
- ▶ eliminates a potential obstacle to quick access to HMO-USA support services
- ▶ minimizes potential reluctance for Plan or HMO sales staff to sell HMO-USA
- ▶ eliminates a potentially excessive service tracking and collection expense
- ▶ promotes the consistent use of HMO-USA support services, resulting in a consistent image to the national account marketplace.

The HMO-USA membership fee also has the advantage of being a stable source of revenue that can be accurately projected for the future.



# How the Membership Fee Will Be Calculated

After the HMO-USA membership fee approach was selected, the next step was to develop a formula for calculating the fee that would be fair and equitable to each HMO-USA network HMO. As an initial step, we decided that the HMO-USA membership fee should consist of components related to the primary objectives of the Association's HMO-USA support, namely, to sell HMO-USA to new national accounts and to retain current HMO-USA national accounts.

A third component resulted from the need to divide the retention objective into two separate components: 1) retention of the Auto accounts (General Motors and Ford) and 2) retention of non-Auto accounts. This division reflected the significantly reduced level of service and renewal support afforded the Auto accounts in comparison to the typical HMO-USA national account.

After identifying the three primary components, we determined the level of expense associated with each component and selected a method to allocate those costs to each network HMO. As shown in **Figure 7**, an analysis of HMO-USA's expenses concluded that of the core function cost of approximately \$1.2

## HMO-USA MEMBERSHIP FEE: THE FORMULA

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<u>Support Categories</u>	<u>Expenses (000s)</u>	<u>Allocation Method</u>
Sales	\$504	Sales potential
Retention – non-auto	\$543	Number of non-auto members
Retention – auto	\$150	Number of auto members
	<u>\$1,197</u>	

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*Figure 7*

million, \$504,000 was associated with the Sales category, \$543,000 with the Retention-Non-Auto category and \$150,000 with the Retention-Auto category.

The method selected to allocate the expenses for each component is also shown in Figure 7. The Sales expenses were allocated to each HMO in relation to its potential to enroll new HMO-USA national account employees located in its HMO service area either as a Control or participating HMO. The Retention-Non-Auto expenses were allocated according to an HMO's actual Non-Auto HMO-USA enrollment relative to the total Non-Auto HMO-USA enrollment. And, finally, the Retention-Auto expenses were allocated according to an HMO's actual Auto HMO-USA enrollment relative to the total Auto HMO-USA enrollment.

An HMO's HMO-USA sales potential was determined by accessing the Association's Automated Proposal System (APS) and the complete Dun and



Bradstreet file of more than 6,200 ultimate companies to which the APS has access. A location match between each HMO's service area and the work sites of these companies was completed and the companies that met certain criteria were selected as successful matches. The criteria included:

- 1,000 or more employees
- 75 percent HMO-USA match
- two or more HMO-USA service areas
- a minimum of 25 employees per HMO site

We used the results of the match to calculate an HMO-USA Sales Index for each HMO-USA network HMO according to the following formula:

$$\text{HMO-USA Sales Index} = \frac{\text{HMO's HMO-USA Sales Potential}}{\text{Total HMO-USA Sales Potential}}$$

The resulting HMO-USA Sales Index represents an HMO's potential to enroll prospective national accounts in its market area in comparison with the potential of the overall HMO-USA network. Each HMO's share of the Sales expenses is calculated by taking its HMO-USA Sales Index times the HMO-USA Sales expenses to be allocated, which for 1992 is \$504,000.

As noted earlier, the Retention-Non-Auto expenses were allocated based on the number of Non-Auto HMO-USA members an HMO had in relation to the total HMO-USA network. **Figure 8** shows the calculation of a Base Per Member Per Year Fee of \$2.02 per member. In order to reduce the impact of this calculation on the larger HMOs and spread the expenses more equitably, the scaled fee schedule shown in Figure 8 was developed. In effect, the scaled fees provide a volume discount on the per-member fee charged to each HMO. An HMO's Retention-Non-Auto component is equal to its number of Non-Auto HMO-USA members times the appropriate per-member fee.

### HMO-USA RETENTION NON-AUTO COMPONENT: THE CALCULATION

$$\text{Base per Member \$} = \frac{\$543,056}{268,852 \text{ Members}} = \$2.02$$

Number of Members	Factor	Per Member \$
>30,000	1	\$2.02
>20,000	1.25	2.52
>10,000	1.5	3.03
> 5,000	1.75	3.53
> 0	2	4.04

$$\text{Retention Non-Auto Component} = \text{Number of Non-Auto Members} \times \text{Per Member \$}$$

*Figure 8*

The Retention-Auto expenses are allocated using the same approach as used for the Non-Auto expenses, except that it is based on an HMO's Auto HMO-USA enrollment. **Figure 9** shows the calculation of a Base Per Member Per Year Fee of \$0.48 and a similar scaling approach to provide a volume discount to the larger HMOs. An HMO's Retention-Auto component is equal to its number of Auto HMO-USA members times the appropriate per-member fee.

Finally, after calculating each of the above components, an HMO's total HMO-USA membership fee was calculated by adding each of the three components. The resulting HMO-USA membership fee represents the annual fee that the HMO will pay to the Association in 12 equal monthly installments.

### HMO-USA RETENTION AUTO COMPONENT: THE CALCULATION

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$$\text{Base per Member \$} = \frac{\$149,960}{309,917 \text{ Members}} = \$0.48+$$

<u>Number of Members</u>	<u>Factor</u>	<u>Per Member \$</u>
>30,000	1	.48
>20,000	1.25	.60
>10,000	1.5	.73
> 5,000	1.75	.85
> 0	2	.97

$$\text{Retention Auto Component} = \text{Number of Auto Members} \times \text{Per Member \$}$$


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*Figure 9*

## HMO-USA's Future

HMO-USA will play a major role in the next decade, as managed care networks become the predominant mode of health care delivery in the U.S. Today twenty million subscribers, 30% of the total Blue Cross and Blue Shield Plan population, are enrolled in Plans' managed care networks, one-fourth of them in HMOs. According to Association projections, by 1995 that number will increase to 50%, and by the end of the century to 90%. At that time nearly 15 million people will be members of Plans' HMOs.

The continuing popularity of HMOs bodes well for HMO-USA. Hopefully, our coast-to-coast capacity will remain intact or continue to expand. It is very important that the size of our network not be diminished as the new funding mechanism is instituted.

Along with our membership growth, the quality of our centralized service to national accounts will continue to improve as we gain even more experience, volume and enhanced capabilities for managing the system. 1992 will be the second year in which the Gallup organization will interview our clients to assess their degree of satisfaction with HMO-USA. The first year's benchmark was good, with an 80 percent satisfaction level. But we are determined to do even better in each successive year, as we concentrate on account-requested new capabilities such as uniform benefits, advanced funding and point of service opt-out programs. In short, HMO-USA will only get better in the decade to come.

We hope that the many Plans who have discovered HMO-USA's usefulness as a sales and retention tool for national accounts will not hesitate to support the network's continuation under new funding. For those who do not have significant national account business to sell or retain, the reasons to support the continuation of the network are less tangible, but nonetheless critical:

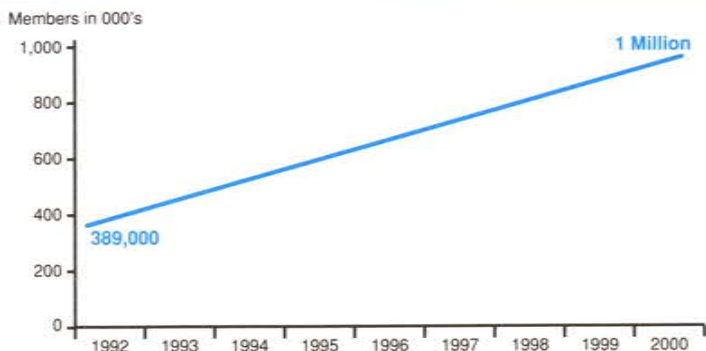
- ▶ HMO-USA provides visible proof at the national level of Plans' commitment to managed care, thus helping all Plans, whatever their marketplace composition.
- ▶ HMO-USA, through the prestigious Xerox account, demonstrates to the entire marketplace the strong commitment that Blue Cross and Blue Shield Plan HMOs have made to quality of care. The national recognition of quality achieved through the Xerox effort has already influenced other accounts, local as well as national.
- ▶ HMO-USA, because of its business partnership with more than 100 national companies, tells both the public and the shapers of governmental health policy that Blue Cross and Blue Shield Plans attach the highest importance to managed



care. Insurance carriers who do not have a managed care success story like HMO-USA's will not be given serious consideration as players in the new era of health reform that will be tied to health care management.

## HMO-USA: THE FUTURE

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*Figure 10*

HMO-USA faces the future with confidence. The cost-effectiveness, consistency and cohesiveness of our network positions us well for the future. Momentum for new accounts and for new markets within existing accounts will keep building. With the continued support and cooperation of the HMOs that make up the network, we are convinced that by the year 2000, HMO-USA will enroll its one millionth member!



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## The Key to National Account Business: HMO-USA's Network Management Services

In a highly competitive national account market, HMO-USA<sup>SM</sup> and its network management services can be the key your HMO needs to get in the door to talk and win business.

More and more national customers are looking for active partners to effectively manage the performance of their HMOs. As a result, the growing trend among national accounts is to contract with only a few select national HMO organizations, like HMO-USA, that provide centralized administrative services and one point of contact. Moreover, HMOs not affiliated with a cohesive national network are being dropped.

Blue Cross and Blue Shield Plan Affiliated HMOs are unique organizations operating in different environments. HMO-USA has developed a tremendously effective network management capability which allows our network of HMOs to look and compete like "one HMO." The result is a network management service which offers needed relief to benefits administrators who are looking for ways to significantly reduce the burden and cost of administering multiple HMOs. New as well as old customers can benefit from this service.

HMO-USA provides every account with a dedicated network manager whose highest priority is to satisfy an account's need for simplified delivery of a national network of HMOs. Instead of contacting several local HMO representatives across the country, the corporate benefits administrator makes only one phone call to the dedicated network manager for all network needs.

### ► Pulling Together to Meet Customer Needs

HMO-USA customer satisfaction depends on outstanding account service on a national and local level. HMO-USA's successful track record is attributed to the spirit of cooperation among the Participating HMOs serving the account locally and the network manager.

The network manager works closely with the corporate benefits administrator and the Participating HMOs to ensure consistent communication and administration throughout the network. He or she also serves as the liaison between the Participating HMOs and the account's corporate contact, negotiating resolutions to issues on a timely basis.

The network manager coordinates the account's special requests for collection and analysis of financial, benefit and utilization information. If the account selects centralized billing through the Operations Service

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Center, the network manager works with the account and HMO-USA staff to implement the most suitable billing option for the group's needs. Most importantly, the network manager assists the account in renewal planning and actively promotes the addition of new HMOs. These are just a few of the many services provided by the network manager in the course of the year.

Local HMO service is the foundation of an account's satisfaction with HMO-USA. The account's local relationship with each HMO is critical and is never supplanted by the network manager. Representatives at each of the Participating HMOs work with the account's local contacts, providing all the services and benefits available to the enrolled group. The network manager works side-by-side with each Participating HMO representative to ensure the account's satisfaction with HMO-USA.

## ► Who is the Network Manager?

The network manager is the one person who represents the HMO-USA<sup>SM</sup> network to a national employer. And, for an HMO-USA account, the manager can be the account representative at the Control HMO\* or a member of the staff at HMO-USA headquarters in Chicago.

An HMO-USA staff member assists the Control HMO in choosing the network management option that works best for each account, prior to the point of sale. The responsibilities involved in managing the account's network are discussed, and the option selected ensures the smoothest implementation and sustained customer satisfaction.

When deciding who will be the network manager for an HMO-USA account, we suggest you ask yourself the following questions:

- What are the account's expectations?
- Does our HMO have the staff, time, resources and experience necessary to manage the account's network, in addition to providing local service?
- Will our HMO structure hinder us from fully servicing the account?
- What choice will enable all network HMOs to service the account most efficiently and effectively?
- What is best for the account? (An overwhelming consideration!)

In a few instances, network management responsibilities are split between the Control representative and HMO-USA staff to accommodate special account needs.

HMO-USA staff always provides core network services no matter who serves as network manager. These services include preparation of all proposals, assistance with account implementation, development of a single contract, consolidated billing (if desired) and Away From Home

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\* (A Control HMO is typically a Participating HMO who services the account's corporate headquarters.)

Care administration. It is essential that these key functions always be performed by HMO-USA staff in order to maintain uniformity in the delivery of all HMO-USA accounts.

If you or someone at your HMO is designated as the network manager for an account, HMO-USA staff are ready, willing and able to provide assistance when necessary. The responsibilities of a network manager are well-defined and our staff is available to coach you on the steps you need to take to manage an account's network of HMOs.

For an in-depth description of the network management services offered by HMO-USA, please contact Latrice Goode at 312.440.5542.

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## Why Many HMOs Prefer HMO-USA Staff as Network Manager

HMO-USA<sup>SM</sup> staff in Chicago currently provides network management services to two-thirds of all HMO-USA accounts. Control HMOs who subcontract with HMO-USA staff to provide centralized management services for their accounts find this arrangement offers several advantages:

- ▶ Control HMO representatives are more comfortable selling HMO-USA when they know they can depend on an experienced network manager in Chicago to orchestrate all network activities. Also, HMO-USA staff have established relationships with other HMOs in the HMO-USA network at all organizational levels. And, we recognize and understand the different environments in which each HMO network operates.
- ▶ Chicago staff have an established mechanism for tracking overall HMO-USA network development, such as new service areas, new HMOs and benefit changes. As a result, we are able to respond promptly to account requests for information and recommend enhancements to their network for the next benefit year.
- ▶ Control HMOs have found it more efficient to delegate network management responsibility to HMO-USA staff in Chicago. The administrative allowance paid by accounts (0.5 percent of premium) exists for the purpose of funding network management activities and centralized billing. Control HMOs have found it difficult to match the level of network management support HMO-USA staff provides based on this allowance. At HMO-USA headquarters, we have been able to develop a strong network management capability through the economies of scale created by pooling the allowance from many accounts.
- ▶ Control HMOs find our HMO-USA network management services appealing because we work with them to service an existing account and do not interfere with the local relationship that has been established with an account.

If you would like to discuss using HMO-USA network management services for one of your accounts, please contact Latrice Goode at 312.440.5542. She will direct your call to the appropriate HMO-USA staff member.



## Successful HMO-USA Conference Emphasizes Partnership

New ideas and tried and true solutions were exchanged at the HMO-USA<sup>SM</sup> Marketing Conference in Chicago, March 4 - 6. Thirty attendees participated in discussion groups, panel discussions and informal conversations with a focus on the success of our HMO-USA partnership. There was something for everyone!

Day one was designed to provide a comprehensive explanation of HMO-USA to those who are new to the HMO-USA network. The day focused on the partnership of network HMOs and the HMO-USA Chicago staff. In addition, seasoned veterans were able to enhance their knowledge of current marketing strategies, Away From Home Care and the Operations Service Center.

The second day included group sessions on sales strategies, post-sale implementation and network management. Douglas S. Fearon, manager of personnel and administration, at the H. L. Yoh Company/Day & Zimmermann, and Jeffrey Powell and Lois Mauro from Keystone Health Plan East discussed what a major national company was looking for in HMO-USA. In the evening, attendees dined at Oprah Winfrey's restaurant, the Eccentric, and after the meal were treated to a sightseeing tour of Chicago's famed Loop and Gold Coast areas, including the "Magnificent Mile." The trip was narrated by HMO-USA staffer Tony Fortier.

On the final day, Sheila Kelly, Account Sales Manager, and Andrea Foxe, Account Representative, of Blue Cross and Blue Shield of Massachusetts, explained the value of integrating HMO-USA into an overall sales strategy. Sheila stated, "We felt the best way to implement our long-term strategy involving managed care and national accounts was to take advantage of what HMO-USA has to offer."

Other presentations during the conference included Judith Tanaka, program manager in the Quality Management Department of the Blue Cross and Blue Shield Association, who explained the national HMO quality program and how it can enhance our marketing efforts. Jim Johnson, director, HMO-USA Administration, described how national account demand for point-of-service programs and advanced HMO rating can be satisfied through the HMO-USA network.

The conference was designed to facilitate and promote a free exchange of ideas. According to Jeffrey Powell, marketing manager at Keystone Health Plan East in Pennsylvania, "What I found most meaningful was the opportunity to discuss marketing strategies with other Blue HMO representatives."

Craig Mudge, account manager at Blue Cross and Blue Shield of Kansas City, summed up the general feeling of the participants when he said, "This conference is essential for everyone involved with HMO-USA in the sales and servicing of national accounts."

Response from those attending was very positive, with many requests for extra conference materials to take to co-workers. For those of you who were unable to attend, conference materials are available for \$25. (We'll even include Tony Fortier's tour of Chicago free of charge!) Contact Latrice Goode at 312.440.5542 to order.



## Conference Attendees Exchange Ideas and Marketing Strategies in Chicago



Left to Right: Andrea Foxe, HMO Blue, MA; Tony Leshon, Alternative Health Delivery Systems, KY; Tony Fortier, BCBSA; Pat Coons, Alternative Health Delivery Systems, KY.



Left to right: Nancy Nordstrom, Health Service Company, MI; Dougals S. Fearon, H.L. Yoh Company/Day & Zimmerman; Jody Vasquez, Blue Care Network-Health Central, MI.



Left to right: Mary Andersen, BCBSA; Craig Mudge, Total HealthCare, MO; Mary Ely, FreeState Health Plan, MD.



Sy Kaplan, Senior Vice President, Marketing and Product Strategy, Blue Cross and Blue Shield of Missouri.

### “The Future Ain’t What it Used to Be!”

Sy Kaplan, senior vice president of marketing and product strategy at Blue Cross and Blue Shield of Missouri, informed and delighted the HMO-USA<sup>SM</sup> Marketing Conference luncheon audience with insights into the history of HMOs with his presentation “The Future Ain’t What It Used to Be!”

Describing the early-1970s challenges of changing economic attitudes toward the practice of medicine, Sy stated that the HMO continues to lead the way in managing care for Americans. He predicted that 80 million people will be members of HMOs by the end of the decade.

Sy commended HMO-USA’s performance rating in a recent Gallup poll of national accounts who use the national network services. He cited the high scores on “overall service” and “satisfaction with your account representative” as positive signs.

# New Video Can Help You Fast Forward Enrollment

HMO-USA<sup>SM</sup> has a powerful new sales tool to help you boost enrollment! It is a video describing Away From Home Care to potential new members. The video comes with a pamphlet called “Fast Forward Your HMO’s Enrollment.” To achieve a tone of sincerity and candor (not to mention economy), the video uses HMO-USA staff members instead of professional actors.

The video tape was developed in response to a request from a new HMO-USA national account. It is intended to explain the Away From Home Care program to potential members who are interested in joining an HMO, but fear being unable to obtain care or coverage while away from home.

▶ How can you use the video?

Add a dramatic climax to your presentation meetings, information sessions or health fairs by closing with this attention-getting video. The video gives you a good reason to make a service call to your accounts and is an excellent way to attract new hires. And, when you are unable to visit an account, send a copy to the account benefits manager with suggestions for using it with their new employees.

▶ Can you use the video for local accounts?

Yes! Two versions of the video are available. One version is for HMO-USA national accounts and features the very attractive guest member program. It runs for nine minutes. The second video is for local accounts. It features urgent care for travelers and lasts for six minutes. Both versions can be customized with your HMO’s own logo at the beginning and end of the tape.

▶ How can you order the video?

Call the HMO-USA Fulfillment Center at 1.800.828.8225. A sample tape of each version of the video was recently mailed to the HMO-USA contact person at your Network HMO. Enclosed with the video was the brochure “Fast Forward Your HMO’s Enrollment,” which describes how to order copies as well as other special features of the video.

▶ Plan now for fall open enrollment!

To ensure the lowest possible cost to you, we will be able to accept customized video tape orders only twice a year — before each of the spring and fall open enrollment periods. This enables you to take advantage of bulk discounts. Fall open enrollment orders will be accepted in late summer. Plan now to ensure receiving your copies on time! The cost to you is only \$10.95 a copy for a minimum order of 10 copies (20+ at \$9.95 and 100+ at \$8.95 each). Customization with your HMO’s name and logo is optional, at a one-time fee of \$200.

For questions about the use of the video, call Mary Andersen at 312.440.5841 or Mark Pflieger at 312.440.5721.



# Momentum Continues With New Sales for 1992

Four HMOs set the pace for 1992 sales by continuing the momentum established in 1991. Plan HMO account representatives, with the assistance of the HMO-USA<sup>SM</sup> staff, continue to aggressively sell the HMO-USA network to national employers.

Congratulations to Cindy Doss (HEALTH OPTIONS, Inc.), Lisa Carter (Columbia Medical Plan), Tammy Kleiner (Blue Cross and Blue Shield of Massachusetts) and Lois Mauro (Keystone Health Plan East) for leading the way for 1992!

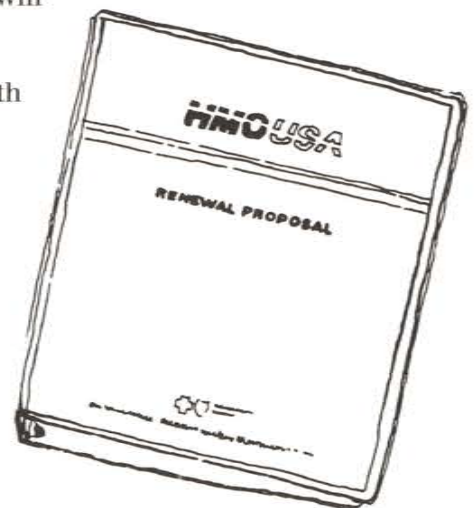
Accounts Sold in 1992	Control Plan	Effective Date
1. GMAC Mortgage Corporation	Keystone Health Plan East	03/01/92
2. General Physics	Columbia Medical Plan	01/01/92
3. Southern Wine & Spirits	HEALTH OPTIONS, Inc.	03/01/92
4. MITRE, Inc.	Blue Cross and Blue Shield of Massachusetts	05/01/92

## Account Renewals: And the Beat Goes On!

The hectic pace of the January renewals is over, and the beat goes on with spring open enrollment and off-cycle renewals. Listed below are the HMO-USA<sup>SM</sup> account renewals that will take place for accounts renewing from June through August.

If you haven't heard from the HMO-USA representative coordinating renewal activity for your HMO-USA accounts, please give us a call to determine the status. Call Latrice Goode at 312.440.5542 and she will direct your call to the account manager handling your account.

Account	Renewal Month
Forum Group	June
Petersen Publishing	June
United Education & Software	June
Univar Corporation	June
Greyhound Amalgamated Trust	July
Hercules, Inc.	July
Sears Merchandise Group	July
American Medical Association	August
Filene's Department Stores	August
Jacobson Stores	August





## Striking Statistics

- Thirty-six HMOs serve as the Control HMO for one or more HMO-USA<sup>SM</sup> national accounts.
- HMO-USA national support staff in Chicago manage the renewal process and produce the renewal proposals for all 108 HMO-USA accounts.
- HMO-USA serves as the network manager on behalf of the Control HMO for more than two-thirds of all HMO-USA accounts.
- The average HMO-USA account is served by nine participating HMOs.

## Calling All HMO-USA Contacts -- Proposal Alert!

We are in the final stages of building new and improved preliminary, final and renewal proposals for current and prospective HMO-USA<sup>SM</sup> accounts. A prototype of the final proposal was presented at the HMO-USA Marketing Conference in March. Our thanks to all the HMOs who provided feedback on various aspects of the prototype. We were very pleased with the positive comments and the level of enthusiasm the proposal generated!

To put the new proposals in motion this summer, we will need updated benefit, profile and service area information for each of our HMO-USA HMOs. If you are the HMO-USA contact for your HMO, you should have received requests for this information recently. Please pay close attention to the requested due dates, so we can make the new proposals available at the beginning of our busy season. Questions regarding the information surveys can be directed to Joyce Tani at 312.440.5772 or Cynthia Hirsch at 312.440.5691.

## Calendar of Events

Point of Service Pricing and Rating Development Seminar

June 24-25, 1992 — Denver, Colorado

Contact Jim Anderson at 312.440.6118 for further information.



## Use HMO-USA to Enhance Your Marketing Strategy

Your HMO has much to gain from using HMO-USA as a tool in your overall marketing strategy. National companies still need help managing their multiple HMO offerings. They continue to turn to HMO networks that can offer them as much administrative relief as possible. Our own national network, HMO-USA, continues to provide a popular service to benefits administrators.

HMO-USA is in an excellent position to appeal to more multi-location companies. We have a strong account management program, a single billing system, a cohesive out-of-area care program, a shared commitment under the Blue Cross and Blue Shield System, and a list of satisfied customers.

If there are any multi-state accounts headquartered in your area that you have not yet enrolled, HMO-USA is a new way to get in the door to talk. If your HMO is already offered on a local basis, HMO-USA is a way to distinguish it from your local competitors and strengthen your relationship with the account.

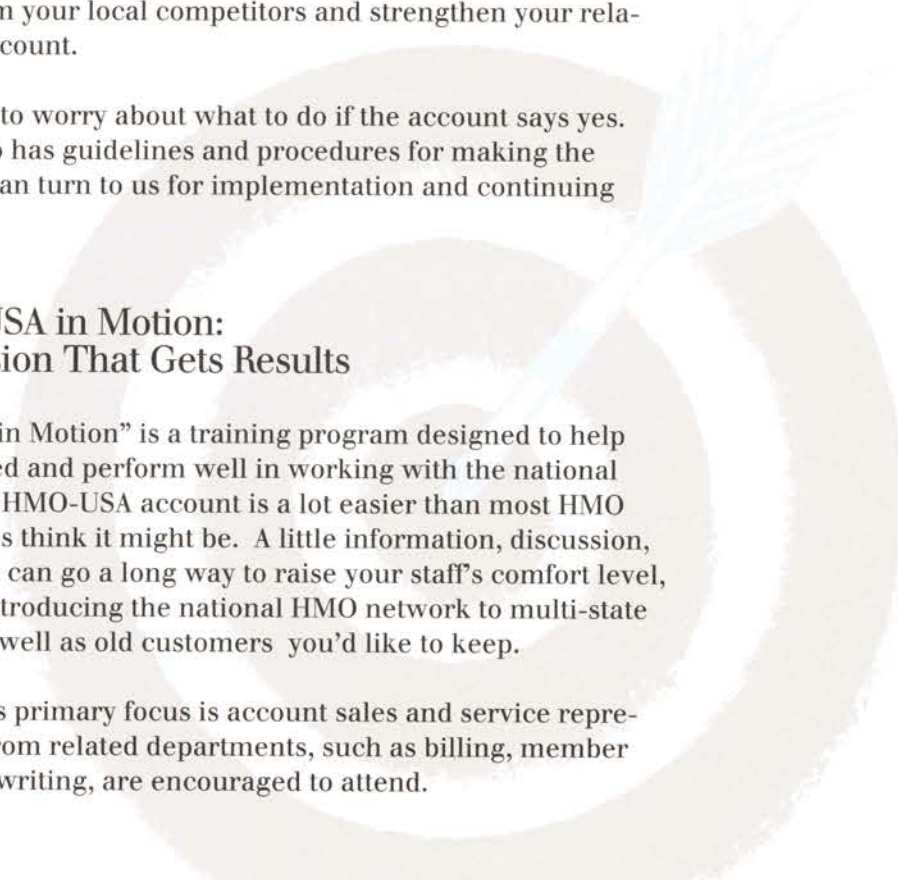
And you don't have to worry about what to do if the account says yes. The staff in Chicago has guidelines and procedures for making the network run. You can turn to us for implementation and continuing support.

### ► **Putting HMO-USA in Motion: A Training Session That Gets Results**

"Putting HMO-USA in Motion" is a training program designed to help everybody get started and perform well in working with the national network. Selling an HMO-USA account is a lot easier than most HMO sales representatives think it might be. A little information, discussion, and how-to training can go a long way to raise your staff's comfort level, so they can begin introducing the national HMO network to multi-state employers, new as well as old customers you'd like to keep.

While the program's primary focus is account sales and service representatives, people from related departments, such as billing, member services, and underwriting, are encouraged to attend.

**HMO-USA  
Update**





HMO-USA staff members are eager to visit your HMO to conduct a one-day or partial-day session. The meeting is participatory and practical; it can be tailored to meet the size and shape of your organization. Please call Mark Pflieger 312.440.5721 to schedule “Putting HMO-USA in Motion” for early in 1992.

## ▶ Targeting Prospects: We Have the Tools and Strategy

HMO-USA can help you develop a list of accounts to target in your service area and a strategy for approaching those accounts.

We can produce a list of multi-state companies headquartered in your service area. Then, for each account with more than 1,000 employees, we can run a detailed location match (based on Dun & Bradstreet information) indicating where the account’s non-headquarters locations are, how many employees work at each location, the names of the HMO-USA HMOs that serve those areas, any areas that cannot be covered, and the overall percentage of employees that can be covered by HMO-USA.

Perhaps there aren't many national corporate headquarters located within your service area, but you do have sizable branch offices of national companies that are headquartered elsewhere. HMO-USA can produce a list of these branches or subsidiaries, trace their headquarters locations and provide enrollment status information to start the momentum going toward creating an HMO-USA account that includes your HMO.

For large, special accounts, a background report including information about the company, its structure, its subsidiaries, and any current significant activity can be produced to help you hone your strategy and prepare for your call.

## ▶ Approaching the Account: Visual Aids

When you’ve identified your targets and prepared yourself for the approach, you can make use of any of the series of attractive HMO-USA sales brochures to introduce the network to the prospective client. For starters, there’s the Decision-Maker brochure. To close in on the details of HMO-USA’s key features, use the Operations Service Center brochure and the Away From Home Care brochures. After your successful first appointment, you can “get back” to the account on a second call with a customized preliminary proposal, which includes a report matching the location of the employees and the HMO-USA HMOs that can cover them. This step leads the way to a final, formal proposal, complete with rates, that HMO-USA staff will prepare for you.



## ▶ Local + National = Dynamic Presentation

Local and national expertise complement each other very effectively on sales calls and add a great deal of credibility to our national program in the eyes of the account. Members of our HMO-USA sales staff are available to accompany your sales representatives and help present HMO-USA to your prospective accounts. We can do this at an early stage, when you present a preliminary proposal, or at the end of the process, to deliver the final proposal in person and explain its contents.

If you would like to know more about all the prospecting and sales services HMO-USA has available, please contact Judy Wilson at 312.440.6055 or Linda Perlman at 312.440.6167.

## ▶ The Blueing of an Account: Next Year and Beyond

We believe that expansion efforts — adding or replacing other HMOs with Blue Cross and Blue Shield System HMOs — at renewal time are just as critical as selling new accounts. We call this effort “the blueing of an account.” At the annual renewal, the HMO-USA staff has one overriding goal: to sell new HMO-USA HMOs to the account.

In 1991, 52 new HMOs were added to existing HMO-USA accounts. If your HMO is not offered to an existing HMO-USA national account and you would like it be, call Latrice Goode at 312.440.5542 and ask to speak to the account manager responsible for the account.

HMO-USA staff is here to assist you. Don't hesitate to call upon us for information or assistance to help serve your national accounts and enhance your marketing strategy.

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## Stay a Step Ahead of the Competition — Join HMO-USA!

Since its inception in 1983, HMO-USA has grown into a network of 78 HMOs, spanning 40 states and providing extensive coverage to national accounts in more than 200 major cities across the nation. No other national HMO network is able to come close to matching the geographical coverage provided by HMO-USA HMOs. In addition, HMO-USA continues to offer several key features to meet the needs of national accounts, including: one primary sales and service contact, consolidated HMO premium billing and out-of-area care through the Away From Home Care program.

If your HMO is not already a member of the HMO-USA network, please contact Chris Boris at 312.440.5989 or Joyce Tani at 312.440.5772 for more information.

# 'How to Fit 5,000 People in a Single Envelope'

These words are on the cover of one of HMO-USA's most successful brochures, which describes for accounts the consolidated premium billing, collection, and disbursement services available through the Operations Service Center (OSC). What happens when an account decisionmaker receives this brochure during a sales call?

The decisionmaker might say: "Sounds crowded, doesn't it? How does the OSC pack all this information into one package? Can HMO-USA really do this for me?"

The sales rep may be thinking: "Questions, questions, and more questions. Who would have thought that this account would be so concerned with billing? I hope that I'll be able to persuade this decisionmaker that the OSC will do the job!"

There is a good chance that this or a similar situation has occurred during a sales call. And it may well be that the key to making the sale, and keeping the account satisfied, is the billing process. Our goal is to be sure that all HMO sales representatives are fully informed and can assure accounts that appropriate billing decisions have been made.

Let's take a look at some questions and answers that can fill any gaps that may exist in your Operations Service Center knowledge.

An account may ask —

**Q:** "I don't want a bill from each of the HMOs. What are my options?"

**A:** With HMO-USA you have a choice. The Operations Service Center can either send you a single billing statement that covers all HMOs, or you can send the OSC your self-bill. Either way, all premiums can be included in a single check.

**Q:** "Is it going to cost me more to take advantage of this Operations Service Center?"

**A:** No. When the OSC is used, the cost is borne in full by the Control HMO for your account. There is no "add-on" cost, as the OSC is one of the bundle of beneficial features offered to HMO-USA national accounts.

**Q:** "How do I know that the Operations Service Center can do the job?"

**A:** In a recent survey of HMO-USA national accounts, the OSC was considered a very positive and effective service, especially in the areas of billing timeliness, accuracy, and problem resolution. Accounts that elected to use the OSC were notably more satisfied than those accounts that were billed directly by each network HMO or the Control HMO.

**Q:** “Just who runs the OSC, and where is it located?”

**A:** The OSC is run by dedicated staff whose sole role is to provide accurate, timely, and satisfactory premium processing service. These individuals are located in Chicago at the Blue Cross and Blue Shield Association, the sponsor of the HMO-USA network.

And second, some questions you may have about OSC —

**Q:** “Are there people at my HMO who know what to do when an account elects to use the OSC?”

**A:** Each network HMO has designated one individual as its OSC Billing Contact. This is the person who best knows how the HMO works and what it will take to have effective interaction with the OSC.

**Q:** “I’m convinced — where do I go to find more information?”

**A:** Just call 1.800.828.8225 and request your copy of the “OSC Implementation and Renewal Guide.” It’s free. It will help HMO sales staff in their account presentations and all HMO staff in their understanding of the OSC.

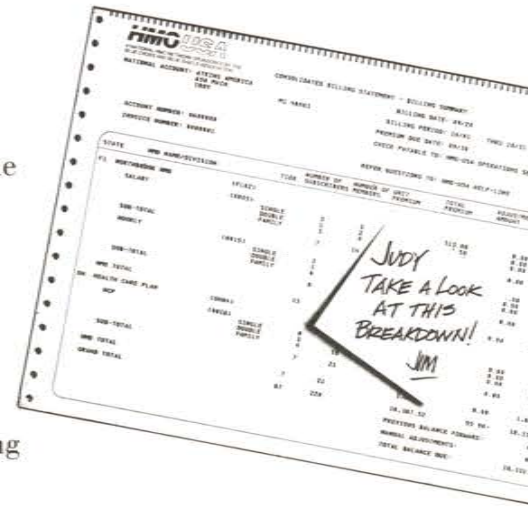
There is much more to say about the OSC. We have another paper that gives more information about the OSC, its history, its objectives, and more. To obtain a copy, or to discuss any questions that you may have, call the OSC’s manager, Frank Pokorny, at 312.440.6516.

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## HMO-USA Proposal Gets “Facelift”

It's 1992 and things are changing at HMO-USA! To stay a step ahead of our competition, we are going to give our HMO-USA proposal a facelift.

Because the proposal is a tool that YOU use, we would like you to be a part of this reconstruction. We are interested in your comments and suggestions on everything from format and content of the proposal to the color of the binder. If you would like to give your input to our reconstruction team, please call Julie Sullivan at 312.440.6188.





# Account Renewals: Life at HMO-USA After January 1



While most of our HMO-USA accounts renew on Jan. 1 of each year, several accounts renew at other times throughout the year. Listed below are current HMO-USA accounts that renew during the first six months of 1992. If you haven't heard from us about a current renewal, please give us a call to determine the status. Call Latrice Goode at 312.440.5542 for the name of the account manager handling the account.

Account	Renewal Month
Hess's Department Stores, Inc.	February
ENSCO, Inc.	March
General Accident Insurance Company	March
Pitney Bowes, Inc.	March
Saturn, Inc.	March
Univar Corporation	March
JCPenney Company, Inc.	April
Volt Information Sciences, Inc.	April
Petersen Publishing	June
United Education and Software	June

## Striking Statistics

- HMO-USA has 106 accounts as of Jan. 1, 1992.
- HMOs requested 101 proposals to be developed for prospective accounts in 1991.
- The HMO-USA Operations Service Center (OSC) provides monthly consolidated HMO premium processing services to about half of all HMO-USA accounts.
- The OSC processes and disburses approximately \$5.5 million in premiums every month.
- Correction from Fall issue: 46 states (not all states) have at least one HMO headquartered within their state.

# Hard Work Pays Off — 1991 Sales Break Previous Records

Through a combination of your hard work and a great deal of cooperation with our sales and proposal staff, the HMO-USA network has been able to break its previous sales records by selling 22 accounts in 1991.

Congratulations, and thank you for making 1991 a successful year!

Accounts Sold in 1991	Control Plan	Effective Date
1. Hess's Department Stores, Inc.	Keystone-Central (Harrisburg)	02/01/91
2. IMO Industries, Inc.	BCBSA	04/01/91
3. Saturn, Inc.	CareChoice (Nashville)	05/01/91
4. Jacobson Stores, Inc.	Blue Care Network-HC (Lansing)	01/01/92
5. Filene's Department Stores	BCBS of Massachusetts	08/01/91
6. Boscov's Department Stores	Keystone-Central (Harrisburg)	12/01/91
7. Allstate	BCBSA	01/01/92
8. Shearson Lehman Brothers	Empire HEALTHNET	01/01/92
9. Merrill Lynch	Empire HEALTHNET	01/01/92
10. The Wood Company	Keystone-Central (Harrisburg)	01/01/92
11. A.M. Castle	HMO Illinois	01/01/92
12. Day & Zimmermann/H.L. Yoh Co.	Keystone-East (Philadelphia)	01/01/92
13. Boise Cascade	Health Maintenance of Oregon	01/01/92
14. Stone & Webster	BCBS of Massachusetts	01/01/92
15. Nationwide Insurance Co.	Community Mutual Insurance Co.	01/01/92
16. Sizzler International, Inc.	BS of California	01/01/92
17. Small Business Service Bureau, Inc.	BCBS of Massachusetts	04/01/92
18. APL Land Transport, Inc.	BCBSA	01/01/92
19. Richard I. Rubin & Co., Inc.	Keystone-East (Philadelphia)	01/01/92
20. Sage-Dey, Inc.	HMO-CNY (Syracuse)	05/01/92
21. Metcalf & Eddy, Inc.	BCBS of Massachusetts	01/01/92
22. R & B Realty Group	CaliforniaCare	01/01/92

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## Welcome HMO Arkansas!

We are pleased to announce the addition of HMO Arkansas to the HMO-USA network on Dec. 1, 1991. Its service area includes 10 counties in the metropolitan areas of Little Rock and Fort Smith.

# Come One, Come All to the HMO-USA Marketing Meeting

HMO-USA will be holding its 1992 marketing meeting at the Hyatt Suites Hotel in Chicago, March 4, 5 and 6. The meeting will focus on effectively marketing HMO-USA in the national account marketplace. Individual sessions at the meeting will help sales people feel more confident in talking to accounts and brokers about key HMO-USA features such as the Operations Service Center, the national account contract, account management services, the Away From Home Care program, and the national quality management program.

HMO marketing and operations staff involved in selling and delivering the HMO-USA product at your HMO are encouraged to attend to catch up on what is happening with HMO-USA. Registration information will be distributed to all HMOs in mid-January. Stay tuned for further information. Meanwhile, mark March 4, 5 and 6 on you calendar.

## Who's Who at HMO-USA

We speak to so many of you during the year that we thought you would like to know, "Who's Who at HMO-USA".



Who's Who at HMO-USA

- |                     |                   |                     |
|---------------------|-------------------|---------------------|
| 1. Wendy Faber      | 9. Julie Sullivan | 17. Cynthia Hirsch  |
| 2. Frank Pokorny    | 10. Ken Thompson  | 18. Judy Wilson     |
| 3. Linda Perlman    | 11. Josh Gougisha | 19. Chris Boris     |
| 4. Deb Zander       | 12. Mike Shanta   | 20. Kevin McCaffrey |
| 5. Mary Hubbard     | 13. Mary Andersen | 21. Tony Fortier    |
| 6. Mike Chmielewski | 14. Cheryl Prater | 22. Mark Pflieger   |
| 7. Renee Comshaw    | 15. Bea Brent     | 23. Latrice Goode   |
| 8. Joyce Tani       | 16. Jim Johnson   |                     |

