

TPA's fee tied to health care costs

By MICHAEL SCHACHNER

Florida Power Corp. expects to slice the size of health care cost increases by one-third beginning next year under a guaranteed cost containment contract with its new third-party claims administrator.

A major element of the contract with Blue Cross & Blue Shield of Florida is providing incentives to the St. Petersburg-based utility's 6,000 employees to use one of two BC/BS of Florida preferred provider networks.

Under the cost-containment contract, BC/BS of Florida receives no up-front fee for functioning as a TPA.

Instead, Florida Power, which self-insures its indemnity plan, will pay BC/BS of Florida a fee based on a percentage of the dif-

Benefit beat

ference between how much the utility figured its health costs would have increased without the plan and the actual increases in health costs.

George Rickus, vp-human resources with Florida Power, declined to provide details of the arrangement.

However, he did say the program should allow the company to reduce the rate at which its health care costs had been rising by at least 33%.

The utility company expects the cost of its self-insured indemnity plan to increase by 10% or less in 1991 to about \$23.5 million from an anticipated \$21.4 million this

year. Florida Power expects its health care costs would increase an additional \$1.2 million if the cost-containment program is not implemented.

The company's health care expenditures were \$18.6 million in 1989, and Mr. Rickus said he expects the total to increase by about 15% to approximately \$21.4 million in 1990.

"We're very excited about this approach," Mr. Rickus said.

"I know it's a first for BC/BS and I'm not aware of any other such arrangement anywhere else. We think it could get our rate of health care cost increases down to

single-digits, and possibly down to the Consumer Price Index" general inflation rate, Mr. Rickus said.

Through October, the CPI rose 4.8%, while its medical care component rose 7.2%. For all of 1989, the CPI rose 4.8%, and its medical component rose 7.7%, according to the U.S. Bureau of Labor Statistics.

There now are three levels of health care coverage for Florida Power workers.

Workers will be reimbursed for 90% of the cost of care above deductibles if they receive care from a "preferred" network of providers set up by BC/BS of Florida.

Workers also may receive care from another network of providers set up by BC/BS but will receive only 80% coverage.

The BC/BS PPO networks are

available to more than 98% of Florida Power's workforce, which is spread throughout 32 northern Florida counties.

Workers who obtain care from non-network providers will be reimbursed for 80% of customary and reasonable costs above deductibles.

Annual deductibles range from \$200 to \$600 for individuals and from \$400 to \$1,000 for families, depending on how much workers elect to contribute monthly toward the cost of the company health care plan.

Annual out-of-pocket costs range from as low as \$1,500 for individuals with \$200 deductibles and \$3,000 for family coverage with a \$400 deductible, to as high as \$2,500 for individuals with \$600 deductibles and \$5,000 for family coverage with \$1,000 deductibles.

Previously, Aetna Life & Casualty Co. was the utility's TPA. Aetna offered Florida Power workers one PPO option.

Wellness discount

Employees at five units of ICH Corp. will soon be able to qualify for a discount on the amount they contribute toward the cost of their employer-sponsored flexible benefits program under a voluntary wellness incentive plan.

Beginning Jan. 1, about 1,800 employees of five insurance subsidiaries of ICH may qualify for a \$15 monthly reduction in their monthly flex plan contributions if they do not smoke and maintain their weight within specified limits, explained Stan Archer, a Southwestern vp.

Mr. Archer oversees the single self-insured health benefit plan for all five ICH subsidiaries.

Louisville, Ky.-based ICH's insurance units to be offered this option are Southwestern Life Insurance Co., Constitution Life Insurance Co., Philadelphia American Life Insurance Co., Union Bankers Insurance Co. and Bankers Life & Casualty of New York.

Under the program, individuals' monthly contributions would be reduced to \$7 from \$22, while the monthly contributions for employees with family coverage would be trimmed to \$57 from \$72 if they qualify for the discount, according to Mr. Archer.

To qualify for reduced contributions, employees must fill out an application stating they do not smoke and have not smoked for at least 90 days.

Employees also must submit to an analysis of their ideal weight range based on their height.

However, employees determined to be "moderately overweight" are still eligible for the contribution discount, pending a blood pressure test, Mr. Archer said.

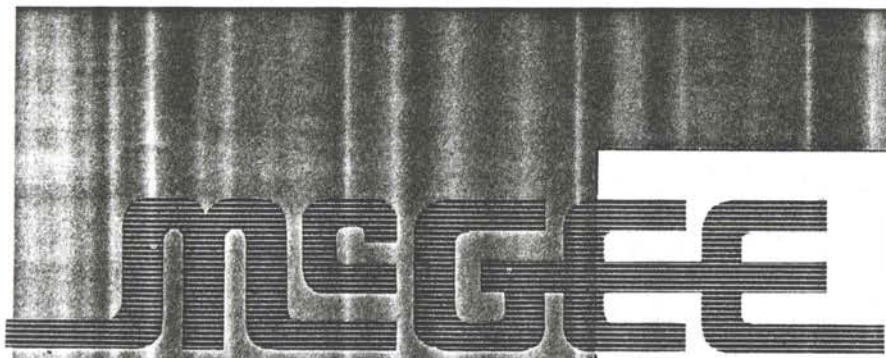
"We expect 70% of our employees to eventually qualify for the healthy lifestyle discount," Mr. Archer said. He said that 60% of covered employees currently are eligible.

The five ICH companies chose to offer a voluntary contribution discount rather than imposing a surcharge on employees who smoke because it "avoids stigmatizing those who smoke," according to Mr. Archer.

He said the program has been very well-received by employees.

"We expected some backlash, but there hasn't been any. The fact that the program is voluntary and is presented as a discount and not a surcharge eliminates any stigmas. There's no criticism if you don't qualify," said Mr. Archer.

"With similar programs companies charge smokers a set amount above normal, which is perceived negatively," he said. ■



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