# Beyond borders

## Border-state employers build health plan networks in both U.S., Mexico

BY KATHLEEN KOSTER

The 1,430 employees of Imperial Irrigation District (IID), a community-owned utility company in southern California, work in a "no man's land," according to the company's officer of employee benefits, Marcy Feuerstein. Located a mere 17 miles from the Mexican border, the company started its Mexico PPO program in 1994 to enhance health care options for its Hispanic population, 65% of the total workforce. IID developed the PPO program to encourage higher attendance rates at the doctor's office.

"Typically what we find is that our Hispanic male employee population, especially in the labor-intensive area, tends to not like doctors. There's the whole machismo thing going on, and it's hard to break that [outlook]," Feuerstein explains.

To help launch the cross-border PPO, IID reached out at safety meetings to the high-risk male population — which makes up the majority of the staff — providing them with general wellness and insurance information, and advocating the company's onsite wellness screenings. While employee response to the wellness initiatives has been positive, it's the Mexico PPO program, which strives to make visiting a health professional a more comfortable and less expensive experience, that's been widely successful.

According to Feuerstein, approximately 400 employees, not to mention their dependents, consistently take advantage of the 10 clinics located in Mexicali, Mexico.

The medical providers were selected and contracted by Southern California Growers Foundation, based on specific criteria, including required credentials, cleanliness of the facility, ability to communicate in both English and Spanish, hours of availability and ability to provide quality care, as identified in the SCGF plans.

**Marcy Feuerstein**, officer of employee benefits at Imperial Irrigation District, estimates 400 employees, not to mention dependents, consistently take advantage of the 10 clinics located in Mexicali, Mexico, the company uses through its Mexico PPO.

The clinics provide routine physical exams for IID employees and dependents. Employees and dependents over age 18 may use one of the four centers that have agreed to provide the routine physical exam based on the maximum benefit amount. Salaried employees are eligible for $2,000 per calendar year; hourly employees and all dependents are eligible for $1,000 per calendar year.

Employees and dependents may utilize their own physician outside the network of clinics, but must provide physician bills with a V-code to be paid at 100% for the routine physical exam up to the maximum allowable. Employees also may see specialists if the primary doctor provides a referral.

The Mexicali facilities also provide wellness screenings for all employees and eligible dependents, and if an employee and one eligible dependent participate in the screening, the deductible for the next calendar year will be reduced by $100.

In response to the plan's popularity among Hispanic workers, "the PPO network has been expanded over the past couple of years to include additional providers," Feuerstein says. However, she adds, one provider in particular has garnered "80% of the employee and dependents that participate in Mexico," says Feuerstein.

Employees seem to be drawn to that particular facility because of its flexible hours, wide range of services offered, pediatrics department and Mexicali location — a 2 million-person city where a large number of IID's Hispanic employees originally are from and still have family.

> On average, a routine office visit in the Mexico PPO plan is $15, compared to about $80 in the United States.

Regardless of location, though, on average, a routine office visit in the Mexico PPO plan is $15, compared to about $80 in the United States. This means significant savings for IID, which outsources claim filing to Principal Life Insurance Company, alleviating most administration duties and costs.

Principal monitors IID's special claims each month, ensuring employees don't exceed coverage limits on prescription drugs or X-ray and lab services. Employee status, updated automatically, is made available to the appropriate physician in Mexico or the United States, informing them of the employee's level of coverage.

Similar programs exist elsewhere in California, such as Blue Cross Blue Shield's Access Baja program. Their HMO plans permit U.S. and Mexican employees who live or work in certain areas of California to visit participating physicians and pharmacists in the Tijuana and Mexicali municipalities.

BCBS is also able to offer their 4,000 members no copayment, or a low copayment of $5 or $10, for the Mexican health service, with no annual deductible. They also have a bilingual nurse call-line and a "split-family contract," which allows a California employee to enroll in a California health plan while family members living in Mexico enroll in an Access Baja HMO plan.

Both BSBC and IID are looking to expand their physician HMO and PPO program networks to accommodate an increasingly growing Hispanic population.

A tribute to the growing number of Latinos returning home for health care, BCBS membership has grown by three-fourths its initial size in June 2000 and now works with, on average, 50 active employer groups. **–K.K.**

---

# Offering answers to 'What's happening to my health plan?'

BY STEVEN G. COSBY, MHSA

"What's happening to my health care plan?"

If you have not been asked this question yet, expect it soon. Many HR/benefits directors report they are receiving interest from employees to change or add health insurance options.

To help answer their queries, three publications can help inform benefit professionals about the genesis of what is changing our health care policy and health benefits plans:

1. The Rand Health Insurance Experiment.

2. "Patient Power," (1992) by Goodman and Musgrave.

3. "To Err is Human, Building a Safer Health System," (2000) by the Institute of Medicine.

The Rand Health Insurance Experiment remains the single largest health policy study ever conducted by the federal government. This multimillion-dollar experiment, conducted between 1971 and 1986, provided health insurance plans to several thousand people, and the plans varied by the amount of patient-pay deductibles, coinsurance, and out-of-pocket expenses.

The experiment revealed that cost-sharing had very little effect on health status for employer-sponsored health plans. Those individuals with low out-of-pocket expenses and greater utilization did not have any better health outcomes than those with higher deductible plans with lower utilization.

"Patient Power" was an assertive response to the Clinton administration's effort to nationalize health care. The infamous fictional couple in the book, Harry and Sally, helped rally support against the national health care plan.

Although not explicitly mentioned in the book, the general pretense is that these two fictional characters — representing all of

us in America — could make better health care decisions if they were more engaged and empowered in the health care buying process. The book and its supporters contributed to the creation of Archer medical savings accounts. MSAs were the stepping stone to today's health reimbursement arrangements, health savings accounts and consumer-driven health plans.

"To Err is Human, Building a Safer Health System" is a stunning and controversial book from IOM that reveals safety issues with our nation's health care system — specifically medical errors that, the book estimates, cause 98,000 deaths each year.

While the book has its critics, it created a groundswell of support for patient-safety advocates, like the Leapfrog Group, fueling efforts to have employers and consumers select health care providers based on quality, safety and evidence.

## Recommendations

The changes currently underway in today's health care plans and health care policy can be traced to these three reports. If these three reports are correct in their conclusions, keep three things in mind if you are considering changing your health plan:

First, consider providing employees with incentives to adopt HSAs, since high-deductible health plans do not adversely effect a person's health status.

> "Evaluate your health insurance plan or administrator based on the ability to provide comprehensive information on cost, effectiveness and patient safety."

Second, empowered employees make better health care purchasing decisions than any third-party payer.

Third, if empowered by choice, employees will choose safer health care providers. Joseph P. Newhouse, the John D. MacArthur professor of health policy and management at Harvard University, suggested in his article, "Consumer-Directed Health Plans and the Rand Health Insurance Experiment," that the best health care scenario is a combined approach, with consumer-related concepts working together with best managed-care systems.

Alain C. Enthoven's and Laura A. Tollen's article, "Competition in Health Care: It Takes Systems to Pursue Quality and Efficiency," states that employers should expect health care provider information based on prevailing standards and outcomes, and ensure members access to this information and alternative treatments. Increasing employees' engagement with such information and improving their ability to research and digest it is crucial.

Here are my four recommendations for employers to focus on to maximize employees' health benefits:

1. Revisit the reason your company has a health care plan. Establish a stated policy that governs the purpose of your employer-sponsored plan. For example, if the reason you have a health care plan is to recruit and retain qualified employees, then maximizing your employees' utility is your primary goal.

2. Do not let the myriad industry reports distract your policy in the wrong direction. It might be time to survey your employees as to what they value the most. Without a well-designed survey, you might find disengagement from the decision-making process is what your employees most desire.

The Kaiser Family Foundation reports that the larger the employer, the more an employee looks to the employer to provide health insurance.

3. Consider working with your health care benefit professional to develop a survey that measures employees' preferences among health plan features. You may want to use some level of joint analysis or joint modeling to assist you in your survey.

4. Evaluate your health insurance plan or administrator based on the ability to provide comprehensive information on cost, effectiveness and patient safety. ***—E.B.N.***

*Steven G. Cosby is a group insurance broker, consultant and policy expert on health care. He can be reached at steven@cosbyig.com or 703-282-4116.*