

semination of information about employees, and the proper procedures for progressive discipline and discharge. For instance:

1) Access to employee personnel records should be limited to those with a legitimate reason for such access.

2) Supervisors should be advised that the unauthorized dissemination of personnel information about employees to coworkers or others is not acceptable conduct.

3) In this era of concern over drug testing and other medical screening, extreme care should be taken to ensure proper identification and accuracy before statements are made or actions are taken stemming from such tests. It would not be wise to accuse someone of being a drug addict based on a single positive reading showing a trace of methadone, or to state that an employee has AIDS based on a single test reading, or because the employee may be an acknowledged homosexual.

4) Anyone involved in evaluating employees should be aware that derogatory factual statements about employees must be based on proper investigation and solid foundation. Off-hand comments, if overstated and without substantiation, may come back to haunt you in *any* employment context.

5) Prospective employers should be asked to obtain a consent and release from the employee before you give out any information, unless state law requires you to provide it.

6) The company's disciplinary process should allow the employee to tell his or her side of the story. In this way, if an employee challenges a statement made about him or her, there is a mechanism for retraction built into your system. □

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problems," says Intracorp's product manager Jackie Mazoway, a registered nurse who specializes in intensive-care-unit cases. "Dealing with the illness promptly increases the potential for a return to a productive life and offers substantial disability savings.

"Coordination is needed early in the game to make life more normal later. It can mean the difference between sending someone to a major regional trauma center or keeping them in a small hospital. Unless someone follows the case right along, each physician at each phase of treatment must start from scratch. A lack of follow-through hinders recovery."

Adds Suzanne Sparks, public relations spokeswoman for the company: "Serious illness accounts for 80 percent of all healthcare dollars, although this expenditure is used by only 20 percent of insured persons. If you address these cases, you make major overall gains. Just as the 'golden 30 minutes' after a coronary represent the one best chance of affecting recovery, the initial stages of a prolonged illness are the only time the outcome can be dramatically changed."

## INTRACORP: A NEW FORCE IN HEALTHCARE

BY NANCY ZELDIS

The employer revolt against soaring costs in the \$430-billion-a-year healthcare industry has spawned a novel combination of finance and delivery that is blurring traditional distinctions between doctors and insurance carriers.

As utilization review and pre-certification of hospitalization and treatment become commonplace, a newer technique for paring down costs in the group-health arena now is being offered by insurers: thorough management by nurse and doctor consultants of large-claim cases, which account for a disproportionate share of medical costs.

For the 900 client corporations of Provident Mutual Insurance of Philadelphia, Pennsylvania, the service has not come too soon. "By 1985, things had grown so out of line here that we had to do something," recalls Frank Rasmus, a senior technical consultant at the company. Of most concern to Rasmus' company were some 20 to 25 "catastrophic" cases occurring every quarter. Accounting for a conspicuously large percentage of the total dollar claims of its insured employees, these cases involved premature babies with congenital anomalies; cancer and AIDS victims; severe burn and stroke cases; and the victims of vehicular accidents, who often needed transplants.

"Less than 5 percent of the employees were running up 50 percent of our

costs. We were just writing out checks, and later wringing our hands, because we were not reviewing the files until the patient died or treatment was completed and the case closed," Rasmus says.

Enter Intracorp, the nation's largest medical case management service. For the past nine months, the Wayne, New Jersey-based subsidiary of the Cigna Corporation has utilized many of its 2,000 registered nurse caseworkers and doctor consultants from 135 branches around the country to track Provident's cases from the outset, coordinating ongoing care with personal visits and follow-up phone checks.

### COST-EFFECTIVE TREATMENT

Acting as medical social workers, the nurses' goals in working with Provident and some 1,500 other firms nationwide are to seek out the most cost-effective treatments without compromising the quality of patients' care, and coordinating their recommendations with the doctor consultants. Usually, this is accomplished by recommending fewer hospital stays and more at-home treatment—up to 17 percent fewer hospital stays than asked for, the firm reports. Intracorp's requests are turned down by insurers just 3 percent of the time. Case monitoring does not begin without the voluntary approval of the patients covered by the carrier.

Familiarizing themselves with patients' families and their particular communities' resources "minimizes residual

### SAVINGS FROM CASE MANAGEMENT

"We have been using Intracorp now for just under one year, and on four cases alone we have seen savings in excess of \$400,000. What it seems to be coming down to is a ten-dollar savings for every dollar we have spent on their services," Rasmus reports. "We have a man in his forties who suffered massive injuries in a car accident in the Birmingham, Alabama, area about nine months ago. So far, we have saved \$260,000 by giving him the care he needs outside of the hospital. We have saved \$53,000 with hospice care and \$20,000 with subsequent home healthcare. We spent only \$4,200 on Intracorp for costs related to the case, including a nurse's fee for accompanying the patient to doctors. That is a substantial savings. Normally, we do not get *that* big of a hit."

Rasmus says he is delighted by "the genuine warmth that the nurses show. We had one patient suffering from a fatal disease who was deaf. The nurse contacted him through teletype, went to his home, and called his friends and relatives to notify them of his treatment. They have a terrific bedside manner."

Other firms agree. "I don't know how we operated for so long without case managers. In some cases it is criminal that the family has to manage on its own," says Vince Smith, manager of employee communications and corpo-

rate programs at Honeywell Inc., Minneapolis. The company pays \$70,000 per year to Intracorp, realizing an \$8 to \$13 savings per dollar of expenditure. Honeywell, which carries 13,500 employees, began using Intracorp in June 1985 for about 100 catastrophic cases per year. "Often a family is in grief and doesn't know what to spend its money on. Unless I miss my guess, every case involving more than a few days in the hospital will be case-managed in the future. We will manage two-thirds of our cases."

At the Netherland Reinsurance Corporation in Philadelphia, "We cannot give a figure on savings because most of our cases are still ongoing, but we *can* say that since March of 1986 they definitely have been substantial. That's when Intracorp came in on 50 of our cases," says Peggy Foley, special risks claims manager. "We wanted to get to the losses at an early stage, not after the severe burn victim or the gunshot wound case had died. We're predominantly dealing with premature babies, and the expertise by Intracorp is there."

Intracorp is the largest of a number of disability management providers weeding out unnecessary procedures, with names like Medview, CostCare, QuickAdmit, Beech Street, U.S. Corporate Health Management, and Health Risk Management. At Intracorp, medical case management has been utilized in industrial and auto-related industries since 1970, though it has been used for only two years in the group-health arena. The company offers a broad range of services, from pre-certification to chiropractic bill review to short-term disability review. The employers that are its clients include *Fortune* 500 companies like American Telephone & Telegraph, Denny's (the fast food chain), and Borden Corporation.

Not all of Intracorp's reviews wind up with dollar savings, Rasmus notes. "Medical case-management review has been criticized for putting money first over people. But we're not financially stingy. We're after the best care. We had one case where we sent a nurse to interview an insured executive and his wife about their daughter, who had exceeded her mental and nervous disorders maximum lifetime coverage. We discovered she was in the right place and making great progress. It cost us a couple of hundred dollars to do it, but it ensured her best long-term survival."

While Intracorp's involvement comes only after a patient volunteers, most companies report that the vast majority agree to the service. Resistance from patients' doctors was present

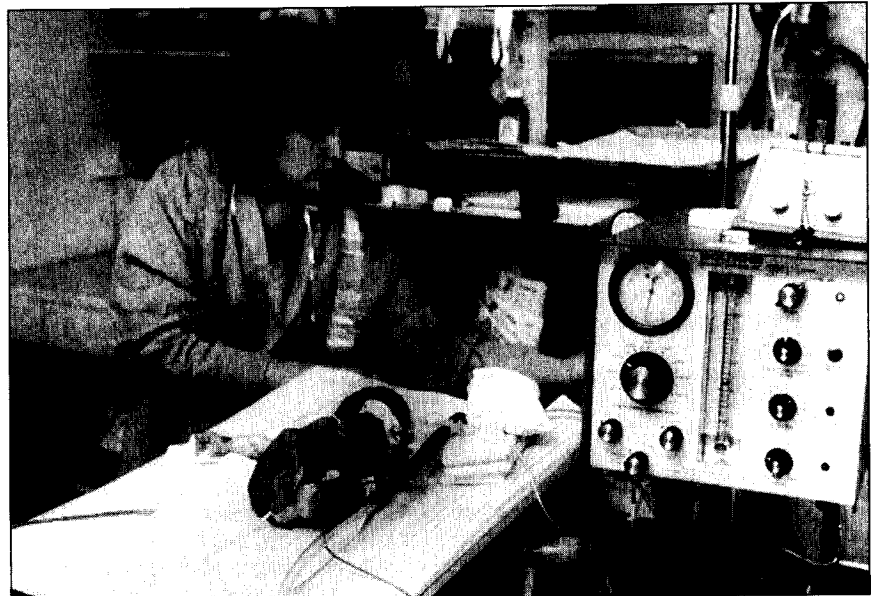
at first, however. "The growing pains of medical case management have meant that doctors have been wary of us. Many have complained that they don't want the meddling, but that seems to be changing. Our results are being noticed and they're coming around," says Rasmus. "Many family doctors don't know how to deal with catastrophic illnesses. Some doctors are saying, 'I never saw a case like this before. I'm glad someone knows how to handle it.'"

He notes that AIDS patients refuse to participate in the program most often, especially in the Washington, D.C., area. "We have no problem in San Francisco and Los Angeles, but the patients in the capitol are paranoid that their records will be released to the government somehow, and they don't want that to happen." In those situations, patients are warned that the amount of medical coverage may be reduced by as much as 20 or even 50 percent, a fact which could prove to be

can be sued at anytime for anything. It is worth the risk to get sued with this type of program."

"We're not getting negative responses from physicians," claims Foley, "because it is our policy not to reduce benefits if patients or their families refuse our care. We see reticence on the part of the insured. They become defensive when they think that their benefits will be cut if they don't volunteer. Once they know that's not the case, they relax." Foley notes that "some of our insurers are beginning to make pre-certification a necessity if patients want full coverage, but it hasn't happened in medical review yet."

Intracorp's program has not gone entirely without criticism, however. Says Smith: "They can be too thorough and inflexible. We've had trouble getting them to loosen up their assessment time. The longer you wait, the more costly services can be. Recently, they have agreed to be more amenable to a



*Nurses and doctors are consultants to insurers in large-claim cases.*

legally controversial, though no court cases to date have set any precedent in the matter. Legal experts say that financial stinginess alone can be cause for legal action. Refusal to pay bills that an employee cannot afford could be ruled equal to denying medical care. "Thankfully, we've had no lawsuits yet," Rasmus says.

At Honeywell Inc., admits Smith, "our program is not voluntary unless the patients protest. We had two cases out of 100 where that happened. We did reduce the benefits available in those cases, but we are not worried about being sued for denial of care. Anyone

case-by-case basis rather than a pre-packaged mode of dealing with cases." And, he says, when it comes to mental health and substance abuse cases, other organizations are more effective. "There are tremendous abuses in psychiatric care and we want to deal with specialists in that area. Intracorp is better at the strictly medical catastrophes like head injuries, cancer, and transplants." □

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