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Company helps cut health benefit costs

By ANDREW SCOTT

"You can control health care costs if you use a series of strategies that are really not known to the general public," said Russell Carpentieri, principal at Opus Advisory Group L.L.C. in Purchase.

Health benefit costs for employees are projected to rise 15.4 percent this year after last year's rate hike of 13.7 percent according to Hewitt Associates L.L.C., Lincolnshire, Ill., a global human resource outsourcing and consulting firm.

But Opus is helping companies reduce the amount they spend for this necessary benefit.

"We do this by analyzing the efficiency of the benefit design companies have," said Carpentieri. When companies face health insurance renewals with increases, they should never take the first offer from the carrier, he said.

Opus considers several equations to reduce increases, including an analysis of the category in which employee claims are falling, an evaluation of out-of-network costs, and initiating flexible spending and health reimbursement accounts for pretaxed medical costs.

"We mathematically take renewals apart and ask carriers information brokers don't ask for," said

Carpentieri. Opus can accomplish strong pricing negotiations because some of its 30 employees previously worked for insurance carriers. "Now, they're working on our side, and we can go to the underwriter and say, 'This 2 percent increase here or 1 percent increase there doesn't make any sense.'"

30 PERCENT LESS

Cost reductions can save companies thousands of dollars, he said. And when companies don't have to spend as much as they thought they did, then maybe four people don't need to be laid off, for example, or the company can put the money back into the business.

"It's common for us to have a reduction in renewals 30 percent to 40 percent less than what the carrier originally asked for," said Carpentieri.

Apart from accomplishing leverages on rate renewals for companies, Opus contacts insurance carriers on an employee's behalf to resolve claim issues, freeing up human resource departments. Additionally, Opus builds Web sites for its clients where employees' benefits and handbook information are posted.

"Other brokers don't offer such services but instead benefit when insurance costs rise," he said.

One company that has benefited from Opus's service is Greenwich Technology Partners Inc. in Greenwich, Conn. Its chairman, Joseph Beninati, said that every business executive he knows is concerned about rising insurance costs.

"Opus was able to keep those costs at a moderate level, costs that are a material component when planning," he said.

From 2002 to 2003 the average cost per person for major companies offering health plans for their employees will increase from \$5,157 to \$5,982 for HMOs; \$5,545 to \$6,367 for PPOs; \$5,639 to \$6,485 for POs plans; and \$6,304 to \$7,249 for indemnity plans, according to Hewitt.

Some reasons companies face increases in health insurance costs are increases in drug companies' advertising expenditures and the resulting demand for specific drugs, Carpentieri said. New technology is responsible for almost 50 percent of the total increase in the cost of health care over the last 30 years, according to Blue Cross Blue Shield.

"Our clients have enjoyed significant savings and they're glad to know that they have someone who can represent them," said Carpentieri. "After all, they are in business to make a profit."