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Session 131PD
E-Business, Health Care and Privacy

Track: Health

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Summary: Panelists discuss current and future developments in health insurance on the Internet from the perspective of providers, insurers, employers and customers. At the conclusion of this session, participants understand the breadth of the Internet's effect on the health (medical and nonmedical) marketplaces and on their businesses.

MR. STUART D. RACHLIN: Let me give you a brief overview of the agenda. I will first introduce the panelists. Then I will share a quick overview of the topic. Evelyn will then talk about an e-business case study regarding an HMO in Pennsylvania that she works for. Chris will then have the second case study about Blue Shield of California here in San Francisco and some of the e-commerce issues they're dealing with. Finally, Lori will speak on the Health Insurance Portability and Accountability Act (HIPAA) and privacy issues.

Evelyn Pendleton is the Director of Actuarial Services with HealthAmerica in Harrisburg, Pennsylvania, a subsidiary of Coventry. She started with them in 1999. She has over 10 years of health care experience, and as I said, she'll be discussing an e-business application related to the small group operations and how they deal with the brokers, employers and members. Second is Chris Long. He's the manager in the e-business group at Blue Shield of California. He's been with them for a little over a year. In his role he's responsible for consulting to Blue Shield's various business units and assisting with e-business strategy development and implementation. Prior to his work at Blue Shield, he spent seven years with Metametrix Consulting, focusing on strategic and business planning for health

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system clients. Our clean-up hitter will be Lori Evans, the principal and founder of Sagacity. She spent several years in financial management roles, working mostly to provide businesses with useful information to get things done and ensure ongoing alignment of performance and strategy. Sagacity is a consulting firm that has been helping health care clients leverage industry best-practice methodologies and relevant technologies such as the Web to move to and through regulatory readiness effectively. Today she's going to address numerous issues regarding HIPAA compliance and privacy issues. Finally I am Stu Rachlin, and I am a consulting actuary in the Tampa office of Milliman USA. I have been with them for over four years working with numerous clients, including health plans, provider groups, employer groups—all kinds of groups on all aspects of their health care needs.

Today we are going to discuss HIPAA and privacy and the Internet in all phases of health care. It's a very hot topic. I hope you learn some things today. I want to start out by making an observation, being that this is the last session. I don't think I've heard the word "HIPAA" in any session that I've been to. Has anybody? I obviously didn't go to all sessions. I don't believe there's been any talk about HIPAA and HIPAA compliance or privacy. These are tremendous issues facing the health care industry. From a show of hands, how many folks know if their company or the companies they're working with are doing HIPAA compliance work currently? Several hands are raised. Good, so you're aware of that. Are the actuaries being involved? Not really. Our experiences are saying they're not really involving us too much. Perhaps they don't need to. It's interesting. I ask other consultants, and they say no, but actuarial consultants, we have to do our own internal HIPAA compliance, and we have certain rules regarding being a business associate as a partner with the health plans and other entities. We have certain things we have to comply with, and it's very scary how much has to be done to comply with the rules. I'll give you a flavor about the kinds of things out there.

So why is e-business and privacy a hot topic lately? As I was just mentioning, HIPAA involves a term called "PHI" (protected health information), and what we can and cannot do with that information. There's been an explosion on the use of the Web by insurers; a tremendous amount of information is out there nowadays. There was an article in *Best's Review* in May. There's obviously been an explosion regarding what's going on on the Web. Major carriers' Web sites are doing a whole bunch of things. EDI (electronic data interchange) transactions: I think we polled ourselves, the four of us, and we feel that well over 60 percent of claims typically are being paid through EDI currently. Is that consistent with what you folks are seeing? Sixty percent paid electronically?

Next, I have some HIPAA basics to share with you. Who's affected? Covered entities, CEs as they're referred to: providers, health plans, clearing houses. Those are all related to covered entities. Business associates: those are consultants, pharmacy benefit managers (PBMs) to name a few. Think about how much

Information those pharmacy managers are getting. It's scary.

These are just the different types of numerous items that HIPAA legislation considers. It's unbelievable the amount of areas it hits, and there's no need to go into details here. The point is it's everywhere. It's in everyday items that health plans and insurers and providers and PBMs deal with—everybody's impacted by this. There is very much to be done to become compliant with the HIPAA rules.

Privacy issues: an individual's right to control access and disclosure of PHI. It's very important. Protected health care information is the key to a lot of this HIPAA issue. A covered entity may not use or disclose PHI except for the TPO or as otherwise allowed. TPO stands for treatment, payment and health care operations; that's more HIPAA lingo.

There are a lot of key concepts around this. Again, I'm just giving you a brief overview; it's not intended to be an in-depth speech here. Consents and authorization, a concept called minimal necessity: obviously you don't want to give more than you need to in terms of the information you provide. There are issues concerning ID "de-identification," removing the specific information, and the right to access, who's entitled to what. Lori is going to delve into a lot more of these details in the later presentation.

Another thing I want to briefly share with you that's scary when you first realize it is the penalties involved. Just to stress to you that this is serious stuff—I mean, there are monetary penalties, there's time in jail. People can go to jail for these kind of penalties.

Let me touch briefly on the use of the Internet. All health carriers obviously have Internet strategies, have Internet sites that have various amounts of information. Some companies have more than others. I spent some time looking through some companies' Web sites, for example, Blue Shield of California. Chris will talk about their tremendous Web site. They have a product called "mylifepath" that is very powerful. Every carrier is using the Web in one way or another. I guess the issue is that the focuses vary; companies can use it internally for their staff, for their utilization management. How much externally are they using it, for the brokers, for the members, employers, etc., and does it work? Is it really improving sales? Is it improving satisfaction, is it making the partners work better together? How much is it costing? Does anyone really know? The upkeep, how current do you have to keep it? There are HIPAA issues to look at, including how is that going to affect the use of the Web? So these are interesting issues to consider.

Buying insurance online basically remains in the formative stages. Regarding health insurance, only 9.3 percent of participants in this Web-based service said they had sought information about health insurance online. Motor vehicle was the highest, life insurance barely anybody, but only fewer than 10 percent of people have used the Web for this, and 63 percent have never searched online for insurance information. There are a lot of insurance sites out there, Quote Smith and so on, and health care

information is out there as well. I think it's a tremendous opportunity, a

tremendous area of growth for the health care industry. In the rest of the presentations you'll get a taste for what can be done.

MS. EVELYN NEDVED PENDLETON: I'm going to talk about the rating system at HealthAmerica. First, let me tell you a little bit about what I do. I do the pricing, so a lot of the stuff that I'm talking about today has saved me a great deal of time and a lot of effort. Coventry is the parent corporation for HealthAmerica.

First, we're trying to get targeted online services for our customers. That's making sure a person can get on the Internet and change their address, basic stuff. Obviously we're trying to improve our e-business functionality constantly. Everybody else is using the Internet, so we have to keep up, and obviously we've got to remain competitive.

Let me tell you a little bit about our old system, and I'm hoping that if I tell you about the old system, you'll see how wonderful the new system is. The old system was a paperwork flow. The broker would collect all the applications, and they would be sent to marketing. The marketing people would then type up stuff on the spreadsheet, the spreadsheet would be sent back to the broker. The broker would go to the person with the quote, the quote would come back here, and it's all paper. You can only imagine how many times you could lose that piece of paper. Also, many data entry points: obviously the person's filling out the paperwork at the beginning. Then the marketing person's entering it into the system, and then even when it's all said and done, you still have to enter the same information back into your transactional status system. You would enter the same information multiple times. Manual tracking: I can't tell you how many times I got an e-mail where somebody would say, "Have you seen this file?" and you sent it out for the whole company, so you would never know where that certain file was at any point in time. Obviously because of all the paperwork and the manual tracking, you have high turnaround time and high costs.

HealthAmerica works with a company called Riverwood. I hadn't really put their name anywhere here, and I should because they've really helped us out a lot. We developed a system that we call BenefitExpress. This system integrates our piece, the broker piece, the employer piece and the employee piece, but it also integrates our quoting system with our transactional system. The benefits we have seen are lower marketing and distribution costs. It's a self-service quoting system. The broker can go online at any point in time and quote. If they want to quote at 2:00 in the morning, they can quote at 2:00 in the morning. We've reduced our sales and admin staff. I have reduced our small group underwriting staff. We had eight people who did all the quoting, now we have only two. It's a huge savings for us. Turnaround time has gone from a week to where we can turn things around, granted everything's clean, within a couple hours if everything goes well. The agents even have more control over the plan selection. They can, if they want to, take the laptop with them at their point of sale and do everything online. We've done things that they can pull out all the information from our system and coordinate it with other systems.

MR. RACHLIN: You mentioned that you've lowered your cost, to give one example, about underwriters being reassigned or let go. Obviously that's going to lower your administrative costs, but have you actually changed your loss ratio? Have you actually had enough data to say our admin costs have been improved by X? We could have either a more competitive product or a greater margin. Have you been able to do that yet?

MS. PENDLETON: We have seen the admin costs go down, but I don't think we can say significantly. I can tell you that our membership has grown because of this. We can now put through 1,200 renewals in a month without any problem. We're now quoting 250 cases without any problem, and that's a big difference. Before, if we had 200 cases come in, we wouldn't have been able to do that. So I guess I wouldn't say our costs have gone down as much as our membership number has gone up.

MR. RACHLIN: The efficiency is improving.

MS. PENDLETON: Our admin per-month-per-member cost has gone down.

The new business product features: Brokers can go online any time and see their rates. The proposal generation is within the system. They can do provider searches. If they have members and they're worried about whether they're in the network, they can go online now and look and see if the members are close to their provider.

Online messaging: As the rate changes, the broker will get a message that says, "Hey, your rates have changed, and here's why." The underwriting and sales work flow management part is really nice. The broker can log on any time and see, well, it's the underwriter who has the case now or it's the marketing person. If the underwriter is done with the final underwriting and they can see it's the marketing person, then they can call up and say, "What's going on, why don't I have this yet?" The same thing with the sales and underwriting: we have more coordination between the two departments, because we know where all the cases are at all times now.

The group and the member can go online now, and they electronically go on to the system, and they fill out all the information. Agents go online and register themselves, and if they want to get forms, they can order forms now through the Internet.

The renewal feature: Actually, this is the part that I like the best. It used to be you had 1,200 cases, and to rate 1,200 cases, that's a lot of manpower, it's very inefficient, and the possibility of rating errors is huge. Well, now 1,200 cases come through, and at a touch of a button it's done and it's online. It goes right to the broker. It's really cool. There's a package that's generated. The whole package that used to come in a paper format to the broker now comes online. They can click on

their system one morning, and there it is. The rate change analysis is another thing that I really like. It used to be that I would get a phone call at times, asking "Why did my rate go up 25 percent?" Well, now there's this nice little touch that says, "Okay, this is why it's gone up." So the underwriters can sit there and answer the questions instead of constantly coming back to actuarial and asking, "Why did my rate go up?" These are small groups, you have to keep in mind, and you don't want to spend a lot of time with small groups, you want to spend time in larger cases. So spending all the time answering questions for a 25 percent increase for a small group is very inefficient.

Renewal management reporting: We can look and see how the overall block is going. Renewing and terminating groups are on the transaction system. The relationship between the system itself and the transaction system is great. It used to be that we would have to finish these 1,200 groups, and then somebody would have to send them to the eligibility people, and they'd have to type each group in individually along with the rates, everything. Very tedious, very manual. Now it is all electronically fed in. The accuracy of the rate has gone up significantly, obviously, and then it's quicker. It happens like overnight production. Again, you can see where the underwriting and the account management work flow is at any point in time. You know where a case is.

The screen that the broker will see when they log on is nice. I talked a little bit about that the broker will log on, and they can see the work flow. If the broker had gone in and put that the member is 24 years old, and then the employee actually went on later and registered and the employee was actually 25, the rate would change, and a notification would go the broker and let them know that's why your rates changed slightly on this group. So, again, looking at all his cases, he can see what status they are and their recording status, the agent final review, and that so and so is pending underwriting.

On another screen the broker selects products to present. This has saved us a huge amount of time in underwriting. What they have here is they get two products. They get their current products and the current rate. They see what they're going to be renewing if they stay with their standard product; for example, they may get a 14 percent rate increase. The nice thing about this is that it gives them three alternative plans right off the bat, so you don't have the broker coming back on every single renewal case and trying to get three alternative plans every single time. It automatically alerts the broker. For the broker community and the underwriting world this has been a huge savings.

They can look and see the change in the rates from year over year. So you have the prior year and then you have the current year. The underwriter has access to this now, so if a group calls up saying they got a 25 percent increase, why did they get a 25 percent increase, they can go and look, and line by line they can see the details.

We are doing this for 2 to 50, and we're talking about now doing this for 51 to 99 to expand our admin savings up to the 99 life groups. Also, we're working with the brokers to make this an easier system to use, not just with us, but to work with other insurance companies. Obviously our goal is we want everybody to use us first so they go through us first and then they can take our information and give it to the competitors if they so choose, but if a broker has a situation where they've got three Internet systems and ours is really difficult to put the information into, they're probably not going to go to ours that often unless they have to. So we're working with them to upload the information as easily as possible and also download it as easily as possible.

The last option is to work with the employer groups to say, "Okay, if you guys just want to skip the broker and you want to go on to the Internet and buy your own business, you're now working on an employer-only site." As you can see, it was all broker driven.

MR. CHRISTOPHER LONG: I'm going to talk a little more generally about Blue Shield's strategy for e-business and our various activities that we've got going on, both externally through our external constituents as well as internally for our own employees.

I'm going to start out describing a little bit about "mylifepath.com," which is our Blue Shield of California Web site, to give you a broad overview of that. I'll talk about a few more of our e-business activities. I'll touch on privacy a little bit and then talk to you about some of the things we're doing this year as opposed to what we've already done and what we're going to do in the future.

We started out several years ago. We found ourselves where a lot of organizations probably did. We had lots of little grassroots efforts on the Internet, so we had several different Web sites maintained by various people throughout the organization, and we felt we needed to pull those together. We had two main ones, first, mylifepath.com, which is really focused on health and wellness information for members and actually for all Californians—so just for consumers in general. We opened that up for access to everybody who wanted to see it. Then we had blueshieldca.com, which was more focused on some tools for employers and some tools for our producers, and then some for providers as well. We combined those at the end of 2000 and once again in early 2001 into one integrated Web site where all of our external constituents would go. It had a new look and feel to it, with lots of additional features. We have done quarterly releases since then.

Our reason for creating mylifepath.com was, first, to serve our members and also to give our members the ability to interact with us online in an easier, hopefully more member-friendly format than calling an 800 number and sitting on hold. We also wanted to really help with our education of the members in health and wellness information. So we've spent huge resources on providing them that type of information.

This year and beyond we're really still going to focus on the members, but we've got a lot of that in place, so we're turning the focus a little bit on some of the other constituents, the providers, producers and employers to build some tools for them, for their interactions with Blue Shield.

Some of what we do for some of the members is answer their health and health plan questions—so general health and welfare questions—as well as information about how they use their plan. So hopefully there's information on the site that can help them, or we provide them ability to search for certain answers to questions or to e-mail customer service agents or a clinician, whether that's either a nurse or a doctor. They are able to ask questions over our Web site. They also have a personalized experience, since they're able to customize the site to help them. So, for instance, if a male is using the site, they can select to have certain types of health topics that they would want to see come to them when they log in, or they also have the ability to get weekly newsletters, and those can be on topics that they want to see depending on their age and gender and so forth.

Some of our goals in 2001 were to improve customer satisfaction and member retention, so when we've done some surveys, what they've come back and told us is that they enjoy having the benefits and coverage information, and they enjoy having the access to information; it helps them stay healthy. That was our goal as well as building our brand within our membership. As most of you probably know, we have this issue in California that Blue Cross and Blue Shield are completely separate companies, so we're always out trying to build our brands within California.

I'll talk a little bit about who gets what. Depending on who you are when you're visiting the site, you'll get different functionalities. First is all visitors; they don't have to be members, they don't have to register or anything. They can get some level of health and wellness information. They can obviously do the provider search. We have a function called Find a Plan, which I'll talk more about a little bit later. It's what we call a "wizard." It helps them search for a plan and focus on individual insurance, not group insurance. It helps them search for a plan that would be right for them in that market. It's also a search tool.

MR. RACHLIN: Anyone can get to that level of the site, correct, so you can also benefit your competitors' members? A WellPoint member, for example, could get on here and get some good information too, right?

MR. LONG: Absolutely. It's something we've struggled with, but because of our mission of improving access and cost of care in California, we've chosen to keep this open to everyone. However, we do provide more information to folks who register and then even more to members.

Anyone can register—that's different from just going on the site and searching around—if you register, tell us who you are, sign up to customize the site for

yourself, you don't have to be a member at this point. We do offer, if you live in California, discounted alternative care providers and services. We have some contracts with some alternative care providers and offer a discount through registration on our Web site. We offer a deeper level of health and wellness information and then the weekly e-mails that I talked about. They're able to personalize the Web site to interact with them in a way that they want, so they're able to select some of their preferences.

Then our next level is the members, who get access to some of our Blue Shield–sponsored health programs, like some of our disease management programs. You have to be a member to take part in those. They also get additional health information and integration with our disease management programs and the ability to search for several articles from several sources about some of the health and wellness topics. They can also check eligibility and look for their PCP, so they can make sure the subscriber is covered and how many members are covered, and who are all their PCPs, things such as that. They also get very deep benefits information, not just the little one-page chart showing if I go here I get this copay. It's very deep information on how to access all aspects of their care, how to get to different providers. It's a lot of work to do that. We have 2,800 different benefit plans across all of our members, and you can imagine the database and the tools behind that to make sure everyone is accessing information only about their plans.

We also offer instructions on how to get care, so if they want to go see a certain specialist, we have a product in California that we call Access Plus that has information about if you're an HMO member and you have a PCP in a certain medical group, you can go to any specialist without a referral or a higher copay. So we have information about things such as that, and we educate them about that and weigh it against if you do go through your PCP and get a referral, that's a $10 copay instead of $35, for example.

We have a searchable drug formulary and then online prescription orders and refills through our partner organization. They can do some of what we call a high-volume member service transaction. Some of the phone calls that they would typically make where they really don't need to talk to someone to do these types of things, now they can do that here. For example, we allow them to change their PCP or request an ID card. That helps them by getting faster service, and as was mentioned earlier, they can do this at 2:00 in the morning if they like. It helps us to diminish some of our many hundreds and thousands of phone calls that we get over the year.

They can also download some of the forms that they'll need. So PPO members can download claim forms, for instance, and they don't have to go to their employer or call us up and ask us to mail them. That saves time and costs. They also have the ability to e-mail and access to the right phone number and address for customer service. I think we have three hundred 800 numbers that various providers and so forth call, so this helps them understand which number to call. They can e-mail the

right customer service unit. For instance, GE is one of our major accounts, and they have a dedicated customer service unit. So if they have logged in and registered on the Web site, they send an e-mail, and it goes straight to that customer service unit for that employer group.

The "Find a Plan" tool that I talked about earlier is for our individual and family plan products, as well as the short-term health products that we have. We call it a wizard. They go on, and they are asked about whether physician preference or physician selection is more important to them than cost, or maybe they say, "I really want a low office visit copay, that's more important to me than overall premium," things like that, and it suggests to them two or three or however many products that they might want to look at further. They get down to that level, then it provides them quotes. Then at this point they fill out some information, and then our direct sales unit will call them back or mail them a packet and an application. For one of the products, the short-term health product, which is a nonunderwritten product, they are able to apply directly online, so they put in all their information, their credit card number, they press a button, and they're covered at midnight that night as long as they answer all the questions correctly about their health status. This is one of those products that if they're completely healthy, they've never had anything wrong with them, they're covered immediately. If they answer any of those questions incorrectly, then we send them over to the traditional underwritten ISP products.

We are also working on tools to allow all of our individual products to be applied for directly online, and that will hopefully save us a lot of money as well as administrative costs as well as help the members. We also launched a Medicare wizard for our Medicare products. That launched in October, and that's obviously a completely different focus on the types of individuals who might be using that, so we made that a little more user friendly than the normal wizard, and obviously it shows some different products.

What some of our employers are able to do is see plan information for the plan that they've purchased, and they can also see the benefit summaries. They are able to download the forms that they might need to help their employees work through their health plan products. It tells them, if they're maybe shopping for a plan, where our sales offices are and whom they can contact. Obviously the Blue Shields have relationships with the rest of the Blues throughout the country, so they are able to access information about that, and then information specific to their group. So, for instance, a company can go on there, and the benefit administrator can see information specific to how they might need to administer their plan.

For the producers we have an ISP rating, quoting and application submission system, similar to what Evelyn talked about, although we're in the process of revamping all of this right now. Actually this is a project that I'm leading at the moment. The current tool has been out there for probably three or four years. I'm sure this won't surprise many people, but the brokers go on, they submit the

application, press the button, we get it, we print it on paper, and we type it onto another system. It's not the most efficient use of technology at this point in time, but that's what a lot of the first initiatives we did were like. We built some tools to make it easier for the outside users, but we still were hampered by some of our internal systems, so we print the paper and retype. That's what we're working on trying to get rid of obviously.

We also have a small group rating and quoting tool where our producers can go on and run quotes for all our 2-to-50-size products, and that's a separate product regulated differently in California. They're able to go on and get those quotes very quickly. All of our small group quoting is done through that tool, so about 40 percent of our quotes for small groups are done externally directly by the broker, and then the other 60 percent are where a broker faxes it in, and then our folks actually use the same tool to run the quote and e-mail it back out or fax it back out to them. So we don't have any spreadsheets or anything like that anymore on the small group side; everything is done through this tool.

Producers can also download appropriate forms and materials to help them sell or service accounts. They're able to go on and build kind of customized cobranded advertising materials, so we have a program with our brokers where they can go on and order printed materials that have our logo and their logo on it, and it allows them to help with marketing. They can build customized provider directories, so if they have an individual or a group in a certain market, they can build a provider directory just for that zip code or geographic region and put their name on it on the front and e-mail it to them or print it out and hand it to them, and it was created by your broker. That's a good tool that they really liked a lot. Also they have access to our newsletters.

MR. RACHLIN: Are the producers using all this? That certainly is a lot of stuff for them. Are they taking advantage of it?

MR. LONG: They do. I think Blue Shield and its competitors in California have done a lot for the producers, so it depends on what producer you're talking to, but, yes, there are, of course, folks who will never use the Web, but the folks who are using the Web tend to go there for a lot of our activities, and they find it a lot easier than making phone calls.

For our providers we allow them to verify eligibility, for both HMO and PPO, so they can go on and type in the member number or last name and confirm eligibility. They can search the drug formulary. On the HMO side the PCPs can create a roster of all their members from Blue Shield so that they're able to check that and make sure everybody signed up for them, or make sure their capitation check is equivalent to who they think is on the plan. They're able to look at our medical policies and our provider manuals. We spent a lot of time putting those online rather than sending out those thick books however often those change throughout the year. So we update that, and they find they really like to access it better. They know that's the

latest and greatest information, and they don't have to carry those books around their offices. So this has been a great time saver for both them and Blue Shield.

They also get benefit guidelines for some of our portfolio products. They're able to go on and see, well, if I refer someone here, what the copay will be. They also get clinical practice and preventive health guidelines. They are also able to see information about EDI. We talked earlier that I think 66 percent of our claims come in through EDI, so there's information on the Web site about how to sign up for that.

Next I will mention some of the other e-business activities that we have going on. We have a pilot called Healinx. UC Berkeley is helping us test out physician and patient communication over the Internet. So we actually pay the physicians for an Internet visit, for instance. A patient will e-mail in a question. The physician within some amount of time, 24 hours or so, is supposed to answer the question, and then we pay the physician for that visit. So that cost may be $15 or $25 for an Internet visit. About 200 physicians are signed up for that right now. The pilot kicked off last year, and we're really looking to expand that, and hopefully that will help.

Another example is Resolution Health which covers some disease management programs, and then BlueExchange is a program where all the Blues are looking to be able to exchange information. A lot of the reason for it is HIPAA, or maybe the whole reason for it is to allow us to exchange information between each plan in a HIPAA-compliant format, so that if we have a member in California who is traveling and is in Illinois, for instance, and they go to a provider there, that provider can submit their claim or check eligibility or something like that like they would for any Blue Cross/Blue Shield of Illinois member. They can do that on their Web site, and it will connect to our back end and be able to see, yes, they are eligible, or we'll transfer the claim to us or whatever the case may be.

If we think about what privacy means to a carrier, especially on the Internet for employers, we do a lot of enrollment and eligibility processing, electronic enrollment and eligibility processing, and there's a transaction set called the 834, which is the HIPAA-compliant transaction set that allows you to transfer information about enrollment and eligibility back and forth. We're hopefully going to actually standardize the way that employers and carriers exchange this information back and forth. Right now employers may have their own system, carriers have several systems, and it's the old game of what language do we want to speak, do you want to send us something in a flat file or some other type of file. Well, now with HIPAA, we're going to standardize on a certain transaction set, so there's no longer this question of what language are we going to speak. It's going to take a little while to get there, but then an employer can send in an 834 transaction set to all their carriers, and every carrier by law has to be able to accept that.

Also claim status: This is a touchy one where benefit administrators inside

employers want to be able to help their members access claims information, and this is one where we're still struggling on whether we're actually going to allow that. We know that happens in reality today over the phone. We're struggling with whether we want to do that over the Internet or not. With our brokers and agents, we want to be able to do that, quoting applications, checking status of applications, renewals and things like that. But again, especially for some of the small group brokers and for the individual brokers, they want to be able to access member information and claim status like they do today. In many cases, as you all know, the small group broker is very much like the benefit administrator, and an IT broker serves in that same capacity. They work the claims information and things like that over the phone. So we're struggling with whether we're able to allow them to do that over the Internet.

Members want to be able to track eligibility and check claims. You run into things such as whether the subscriber can check all claims on their dependents. What if you have an over-18-year-old dependent: are you going to allow them to check claims information, especially things related to mental health and HIV? So there are a lot of issues here that we're struggling with how to deal with.

In regard to HIPAA, you just have to do authorizations and referrals in a certain format and make sure that providers are only going to see the information on the services that they provided to those members.

One of our goals this year is to increase the usage of the site. We're working a lot with some of our groups to get the employers to tell their employees that they can go to our Web site and be able to access lots of information. We're trying to get links to our Web site put on our clients' Intranets so that they can know this is where they can receive lots of information about their coverage.

We launched a new health and wellness site, so the one we worked so hard to do in 2001, we actually only stayed with for about a year, and now we've launched something this year in April. It's a joint program with the Mayo Clinic and Reuters, and they are providing us a lot of information that we turn around, customize and provide on our Web site.

We're working on improving all of our transactions with our providers, so we added some more eligibility. We used to have only HMO eligibility, now we've added PPO eligibility, and we're working on adding eligibility history and some of the things that our providers are asking us for. Online enrollment and eligibility for employers: we have a project underway, and the gain here will be especially in California. A lot of our groups have multiple carriers, so do they want to send half of their employees to the Blue Shield site to do enrollment and eligibility and then half of them to Kaiser? That's not as helpful for the employer. They want to have one area where they can do one-stop shopping, and so there are some vendors out there that we're working with to join in on that side so that they can go one place and do eligibility and enrollment for all of their products beyond even medical—so medical,

life, vision, 401(k) and so forth.

We're basically trying to do what Evelyn already did with online sales tools for producers. So we're trying to expand upon those first-generation tools that I talked about earlier and allow brokers to do quoting, application submission, have an underwriting work flow engine internally that will allow auto underwriting when it's appropriate, and then kind of move the file along the way from the people who are processing the paperwork to get a complete file in front of the underwriter so that the underwriter never sees an incomplete file, and we don't waste our time doing that. So only a complete file shows up. They have all the information they need, and they can rate those groups or individuals as quickly as possible. As for renewals: we want to do all our renewals. This is for our small group market and our individual market that we're targeting first. That's something where we've been doing all the business case work over the past three to four months, and we're planning to really get going with that the first of August and hope to have something up by January.

MR. RACHLIN: I think the first two speakers, Evelyn and Chris, both had some terrific applications to share with us, and now Lori is going to take some time to get a little more in depth on the HIPAA privacy issues and other issues of great interest.

MS. LORI EVANS: I'm talking about regulatory requirements and privacy. Am I talking about HIPAA? Yes. Some of you mentioned that you were involved in HIPAA, some of you mentioned you were not. Get involved; your team needs your help. You have compliance officers determining what data are in reports. You have your IT department determining what access you should have, how you should get it. We just talked about some really cool stuff on the Internet, and it seems a lot of times like no one touches it, so does privacy matter? Well, someone is out there touching it. Now that I've worked with a lot of technology companies, I've found out more about security and how many people are out there just doing stuff for fun. I think Chris wouldn't be too pleased if all those dollars they spent went down the hole because someone hacked in and exposed some information, or if everybody else that wants to get on the Internet were to do what Blue Shield of California did, because Blue Shield of California just spent a lot of money doing the right thing. And if someone else doesn't do it right and there's a scare about privacy or security about online information, whether he did it right or not doesn't really matter. So if HIPAA's scary, it's because it's a lot of work, but HIPAA isn't scary, it's why HIPAA exists that's scary. Why it exists is because we have relational databases and we have life going very fast, and we're all very quick to give out our personal information because we think it's safe, and it's not. So we need to make sure that as health plans, as consultants to health plans, as providers that we're protecting the information that goes through our doors. That's what I'm talking about today. Now you all *are* scared, right?

What do I do? My company is Sagacity. We're working with health plans to try to move them through and beyond HIPAA more quickly and more effectively. Many

are looking to meet a deadline. In fact, I think it's kind of harmed us to use the acronym HIPAA because it seems so much like Y2K: you meet a deadline and it's done. Unfortunately you meet the deadline and it's just begun with HIPAA. What is HIPAA? HIPAA is protecting information that moves through your organization and is stored in your systems, and that means that you need to do business differently than you're doing it now. It doesn't end on April 2003, which is the privacy deadline, or October 2003, which is the EDI deadline, or October 2004, which is the expected security deadline. It doesn't end then. That's when it begins.

So what do you need to do? You need to know your business. When we go through HIPAA, if your business hasn't started from the top, and if you have a program management team that's working on HIPAA and they don't have the resources that they need, if their executive team hasn't blessed what they've done, then they're going to have some trouble. You need to know your requirements and risks. This is something you can help with. The risks, as Stu mentioned, are the monetary risks. There are risks that are shown in the regulations. The government has said if we audit and we find that something's wrong, you know, we really don't want to be sending people to civil suits unless we find out that they've been truly misusing information, like they sold it to a marketing company for profit. So where's the risk?

The risk is individuals and lawyers, not the regulators. It's someone getting two explanations of benefits in an envelope and then saying, Oh, my gosh, someone could get my information some day, that makes me mad, I'm going to litigate. That's the risk. So we need to help our organizations understand what the chances of those risks are. The privacy rule mentions the word "reasonable" 253 times. Your company is trying to determine what "reasonable" means to them, and so they need someone helping them determine what those risks are and the chances of those risks so they can make good decisions.

You need to identify your business exposures and vulnerabilities. Vulnerability typically refers to security, IT, known errors and applications that are fixed over time with patches, or business exposures like what I just mentioned, an individual or a lawyer bringing claim against your company. You need to close the gaps. So your company needs to be going through this process with a very open mind. It isn't an audit, it's a discovery, a discovery to find out how they're doing business now so that you can truly determine the gaps in how they should do business in the future so that they're protecting the information the way the government expects them to, and in a way that that organization feels is the most reasonable and practical to handle that information.

Now, is it just for covered entities? No. It can also be business associates, consultants, for example. Everybody is going to have a contract from everybody else that says we protect information. Eventually as organizations move through this, they're going to want to have contracts with their TPAs, they're going to want to have contracts with their consulting actuaries. They're going to say, "You come

into our organization, if you take anything out on disk, in your head, on paper, then you need to sign this contract that says that you're going to handle it in the correct fashion."

MR. RACHLIN: Lori, I've heard that even the trash people in your office need to be considered, because, think about it, they go into your office, and there are all these papers on your desk, papers in your trash basket, and these minimum wage workers are picking up all this paper. There could be some things in there.

MS. EVANS: That's a good example. We had an organization walk through a client of mine who happens to be a TPA, cuts checks, sends out explanations of benefits, has locks on doors, has cameras over bins, has the utmost in security I have ever seen in an administrative unit ever. But they had a bin that had recycled explanations of benefits, maybe they had a little crinkle on one end, and they were facing up, and that health plan didn't like that. It had a camera over it, it doesn't matter. Someone in that working unit could look in that bin, and the privacy rule says it could be in here and it's still covered.

A lot of us have used relational databases. I have a financial background, built a lot of queries, I could put that out and share it with other groups. Maybe I was on the back end determining what happened with a performance of a product and what the risks were, and there was someone else on the front end and I wanted to share some queries with them, and don't they have safeguards on that. Well, who else is going to learn how to get that query, and who else is going to know how to use it? It doesn't matter anymore. That information has identifiers on it. Let's put as many identifiers on it as possible so we can trace it back and track it forward, etc. Well, that's identifiable. Is it wrong? No. If you use it just for health care operations, all you have to do is be aware of it and wrap the right securities around it. I get back to this: you have teams typically led by a compliance officer and maybe someone in technology that's determining everything that's going on in your business, and they may not have all the information they need.

So know your business, know what your business is. Is your primary business health care? Do you have other parts of your business that aren't covered? The government gives you a choice to call yourself a hybrid or a fully covered entity, and really the difference is you can train everybody or you can't train everybody or you don't have to train everybody, and if you don't train everybody and make everybody aware about privacy, then you have to treat those other units in your business as business associates, and they have to contract with you that they are keeping the information safe, and if you send them information you have to have the encryption, etc. They're like this stand-alone entity. Many other organizations I work with just say, "Let's just train everybody, let's just keep it simple."

Know your communication files. If you're very centralized, then going through this is a lot easier. I've worked with some organizations where every single business unit writes their own policies and procedures. Fine, but that makes it more

complex, and they have to have some oversights over that entire process so that they're all moving along with strategy. That's one thing that we try to do. Here's your business model, here's your strategy, here's HIPAA, let's see if they can all move together.

Look to see how visible the people in your organization are. Perhaps you've forgotten to wrap your brokerage into HIPAA. What if you're in the senior market? Don't they sit across the kitchen table and make a sale to that senior? A senior walks into their office and tells them something's wrong with them, and they haven't had this claim paid and have this, and this and this on it, and now the brokerage person has private information in their head, what are they going to do with it? Train them too.

Know the demographics of your stakeholders. Who is your customer? I work with some organizations trying to put together balanced scorecards, it's a performance measurement, and one of the things they try to figure out is who is the customer. There are many stakeholders. That's kind of an easy way to get around it, but you have providers that you need to please, you have shareholders often times you need to please, you have enrollees that you need to keep satisfied. All of these people could be looking at you to see how you handle protection of information. Know your business practices.

The different types of information: We're talking about e-business here, and so what I did was look at some of the regulations that were just general with regard to e-business and some common definitions. Now, these are global definitions, this isn't just HIPAA. There's personal information. What's personal information? Typically what you put in, let's say, a credit card site, and they say, "What's your mother's maiden name?" That's not private. Do you really care if someone finds out your mother's maiden name? Probably not, but it's personal to you, that's your mother's maiden name. That's personal information. What's private information? Private information is what the government is looking at with regard to HIPAA, information that is personal that you really wouldn't want others to know. "Anonymized" information. The government looks at it the other way. They talk about identifiable information and de-identified information, and you as the actuary either consulting with or within a health plan will likely be called upon to look at information that your organization decides it wants to be able to send out to an entity that may not be another covered entity, and may want you to help them de-identify that information.

Aggregate information: Most of us as we work with reports are now taking those reports I mentioned before that have all those identifiers. Say we're a health plan, and we send information to our reinsurer or our general underwriter or TPA, and send information to the insurers that we help do business. Now, instead of sending them information on a specific patient, do they really need to know that? We send it to them in aggregate form. That tells them what they need to know. They need to know trends. They need to know information about groups. They do not need to

know that Sara Hill just had an appendectomy. That's just not something that they need to know. That's how as you go through all of your data you determine who needs to know what. Then the government just says be aware, then be reasonable, wrap policies and procedures around that, and then train everybody on the policies and procedures you've just developed.

MR. RACHLIN: Lori, one issue I have seen in working with reinsurers on specific stop loss, and that's a claim on a specific person's information, so I'm curious how that will work.

MS. EVANS: So if that's the case and that stop-loss insurer would be a business associate, that stop-loss insurer would sign a contract with you saying that they will protect the information that you give to them. And with the finalizing of the privacy rule the government took away the onus on the health plan of being a continuous auditor of that, so you don't have to monitor that business associate, you just have to have that contract with them, and then if a misuse of information comes to your attention, you have to let the government know. That's how that works. You go through, and you determine who needs to know what. If they need to know that in order to provide you your stop loss, that's part of your health care operations.

Know your exposures. Now, some of these things are things that your financial team may help with, you may help with, or maybe it's a combination, but in most cases I find that the program management teams through HIPAA do not have the right people to help with some of these areas. Look at the business into the future, know the risks, know that their biggest exposure to privacy and security misuses is inside their organization. Get human resources involved, make sure you have exit interviews. The primary breach of security is when an employee leaves, especially when a disgruntled employee leaves and decides to get back at that employer in some way.

There are torts of privacy. I won't go through these. Intrusion, appropriation: all of these things are happening. People get into systems all throughout the channel. Again, I mentioned we have this e-business via the Internet. You see it, you never print it, you think everything's private. Well, it's in a system somewhere, and it could be that more information goes into a system than you really handle, and often times when you don't handle it you don't think about protecting it. I don't do it. I maintain the integrity of the data that flow through, but now you have to do something about even that information that you don't do anything with, but it still could be hacked into from the outside or taken away from the inside.

The HIPAA administration is called an administrative simplification. Why? It started with EDI. That makes things simple. Do privacy and security make things simpler? No. That was just wrapped on after the fact like many of our laws today. Privacy and security go hand in hand. Privacy is protecting health care information, and it's specific to a patient's medical information. It can be in any form, paper, fax,

digitized, computer, voice. The security rule covers only—at least at this point it's only a proposed form—digitized information. That means if you're seeing a hard copy faxed, but you know that fax is digitized, it goes into the computer somewhere, it's scanned in, then it's covered by the security rule. If it never is, it's a hard copy, a printout that came to you and never goes anywhere into your system, it's really not covered by the security rule, it's just covered by the privacy rule.

There are other regulations that cover privacy and security. You've probably heard of the Gramm-Leach-Bliley Act. Gramm-Leach-Bliley and the reactions that individuals have to that regulation are some indicator, I don't know how good of one, of how individuals might react to HIPAA. How many of you received some financial institution information that allows you to opt out of them providing your information to marketers? How many of you took action on those, opted out of something? Now, to me, the fact that I have a bank account with a particular bank isn't as important to me as my health care information, so I'm going to say about 15 percent of you raised your hand that you took some action with regard to that regulation. I would propose that it is a larger percentage that is concerned about the handling of their health care information. That's the Gramm-Leach-Bliley Act. It did affect health plans. Some of you might have dealt with it already.

You've probably heard there are lots of pages of regulations; there's not. They're really not that big. It's the preamble and all the discussion that's big. If you throw that away, you've got maybe 10 pages each. The privacy rule just looks this big with all the questions and answers and the preamble before it.

What's difficult is that the information online often times isn't dated. I hate that. I want everything version controlled. Why can't everything have a date stamp on it, because you look at information and you don't know it's old. The privacy rule has gone through quite a few modifications, so you don't know if you're getting good information or not. It makes life for us consultants a little more fun.

I'm just going to go through the security rules for e-business really quickly. This is what some of your technical folks are working on. Why does it impact you? Well, you may find one day you go into your work station, and all of a sudden you can't get into a site you used to get into, and maybe you're going to want to bubble that up to someone right away if you think you might lose some access to some things. Say, "Hey, I'm part of health care operations, you don't need to do this to me."

We have authentication. That says this system knows who you are. We have access rights. That means you are able to see this, this and this, but not this, this and this. So you have access authorization.

Firewalls are being placed in your organization, so many of you now may get an attachment from the outside that you can't see, they kind of fall off. Those firewalls are becoming more and more strict, and many of us are getting pretty geeky in the

way we can work around these things, but there's going to be a point, and I don't know what that point is, at which it may help us actually when the access and authorization controls improve, then perhaps those controls on the firewalls can be a little relaxed, and we can do business a little more easily again.

Intrusion detection: Many of your companies don't have that. They may have firewalls. What that does is it tries to keep people out. It doesn't keep everybody out. You'll have systems that say this is who got in, but now there are also systems that keep people from getting in and gives you a report of who tried to get in. We also have e-mail filters now: those are very useful. They allow the company to handle the hybrid entity a little more easily, because you can slap an e-mail filter on, and I've worked with some e-mail filter companies to have them link their system with the patient database. It's pretty cool stuff. It looks at an e-mail, it goes out to a database, and it says, "Does it have this and this and this on it?" If it does, that means it's protected. Then it goes out to the database that looks at the IP addresses and says, "Is someone sending this out that's supposed to?" And if they're not on that list, then it holds it. It's pretty good control. So this is a way to keep identifiable information flowing back and forth only by those people that are supposed to be sending it. That also will help us out, because if that's working, then you won't have as strict controls on firewalls so that all of us can't send information out or get information in.

Real-time monitoring of systems: You really need to look at security just like you look at your external audits, your actuarial review. It used to be done on a random basis, and it needs to be done continuously, both. This is something that changes all the time. You can't just do it once. You have to take this continuous look at these things. It needs to be both random and continuous, and it's one of the many tasks that is best outsourced. I mean, who has the people that it would take to put all the patches on that come through? I get enough just on my system at home. I wouldn't want to be doing that all day.

Agreements: There will be three types of agreements. Likely as consultants and actuaries, if you're a consulting actuary you'll get something called a business associate agreement. You may get three other types of agreements. They're really very close to the same thing. It's just that the government had three different groups working on three different regulations, and they all thought having agreements were a good thing, and they all called them something different. So for the privacy rule we have business associate agreements, and that just says you're going to handle that information with strong privacy protections of the data, and health plans also have to allow individuals access to changes, kind of like we can on our credit reports now. We also obtain trust agreements. That's what the security team thought was a good idea to have. If you have only a technology relationship with a vendor, let's say a data center, the data center could have a chain of trust agreements with a health plan. You could also have a trading partner agreement. You could send electronic data interchange or XML (extensible markup language), some type of an external communication that HIPAA regulators have said this is

okay, this fits our standard, and you could have a trading agreement. Many organizations are putting them all into one and calling them a business associate agreement. That's kind of nice to know when you get something like that.

Minimum necessary: You may have some difficulty getting information that you used to receive. Minimum necessary may impact you. Why? Because while your health plan needs to be compliant, at the deadline providers are given an option to stay on paper with regard to EDI. What did HIPAA do with regard to a claim? HIPAA has now allowed the provider to decide what makes a payable claim, what information you need. Now, if they're on EDI, they have to have standards, and they have to fill out that standard. If they are not on EDI, they're choosing what they believe is the minimum necessary you need. Local codes go away, that's a given, so you're not going to get those even if you get the standard, but you may get even less from providers that choose to stay manual. Medicare has made that a little more difficult for providers to do because Medicare or CMS has said, "Do you know what, we really don't want to handle paper, we're spending all this money." In fact, one of my partners is helping CMS be ready. CMS isn't ready yet, and CMS says, "We're not going to want to handle paper after we're ready for EDI, so we're going to charge providers that send us paper." That's kind of a motivation to move to EDI. That's what we're going to see.

You can mitigate the risk of inappropriate disclosures, minimum necessary. You want to make sure you're still getting the information you need. Go through all those data elements. Get everything that you see. Look at the standard format on EDI and make sure it's there. If it's not there, there are optional fields, and you may want them. If it's still not there, it may have been a local code and you're not going to get it, and if you have any providers that are still on paper, you may get less from them than you used to.

Plan for the future. Help your team with some scenario planning, what the risks are in the future. Know what you're going to get, what kind of information you're going to get, and how you're going to use it in the future.

MR. RACHLIN: We have enough time for several questions.

MR. JOHN WIKLUND: The one concern that we hear over and over again from the sales department is how response time will be affected when dealing with the Internet, will the Internet crash, that kind of thing. I'm just wondering what kind of experiences you've had, and was that a concern when you guys got into this?

MS. PENDLETON: I don't remember it being a concern before we went into it, but we've been into it since 2000, and there was one time it went down and that was it. But turnaround time has been great, and brokers have been really receptive. The only issue is reporting more work load on the brokers now than we had before. We're making them earn their commissions, and that would be the one thing that they haven't been pleased with.

MR. JOHN PAULY: I have a question for Chris. I'm interested in how much sales you are doing on the Internet volume-wise and as a percentage of your total sales.

MR. LONG: For the ISP market we've got actually two ways that Internet sales come in. We've got them through our own site, and then we have them through e-healthinsurance.com, which connects to our place so that we get those electronically, and again we're still typing it in again, but forget about that part. Actually about 30 percent of individual business comes in that way, so it's a pretty big chunk for that. On the short-term health products that I talked about, I think we're getting up to about 10 percent of that product coming in, so that's been moving, and a lot of these things are, I think, a first-generation product and are okay, but when we roll out the new product, that takes off quite a bit.

FROM THE FLOOR: What I see on the Internet sites just appears to be gigantic document management issues. Would any of you care to speak to the issue of how you check to see that what gets out there is really right? And the issue stated another way is that the person who actually sees that it gets on the Internet very often doesn't know a thing about insurance or your product, and so it's difficult at the final stage of delivering that information to check it out. Would any of you care to speak to that?

MR. LONG: I think that's a great question. What we did at first is the e-business group did a lot of running around the company saying, "Okay, what's the latest information, what should we put out there, how should we put it out there?" And you're absolutely right, we would have run into problems of, first of all, having to have a huge staff running around the company, knocking on doors every day, asking if anything has changed that we need to update. So to avoid that what we did is, every page on the Web site has what's called a business owner and an e-business advisor. People on my staff would be the e-business advisor, but the business owner would be, for instance, the person in marketing who's responsible for creating the printed material. They are also responsible for creating the Web-based material. If we're talking about provider manuals or medical policies, the people in our health care services business units who are writing those medical policies, they are responsible for both the printed and the Web-based versions, so they have to update those, and it's their responsibility to do that as the business owners of those pages. So that's how we've addressed that.

MS. PENDLETON: I don't want this to come across as a joke, but we actually hired Arthur Andersen to audit it for us afterwards. We hired them, and they audited all our stuff, and they came back and they actually gave us ways that we could improve our documentation, or they pointed out things that we did wrong. On an annual basis we're going to hire somebody just to check behind us to make sure that we're not missing something. One thing they pointed out when we first launched the system—this is not the document side, but the data side—we set up this rating engine from 2 to 50, and little did we know that there was some kind of little glitch behind the system that somebody can go in and do a 99 case, so we've

learned that the hard way after a few quotes came in.

FROM THE FLOOR: On the small group market, individuals, where the medical information is being collected by the broker in most cases, and you're getting a lot of information about medical conditions on both the employee and their dependents, even if that's information put in online, that may be a broker's office that's doing that on behalf of the employer. You've got this interchange of information where the broker doesn't really need to know that other than to get it to us, and sometimes you have to go back and get additional information, more details about a condition or something. Depending on the carrier, whom you're dealing with, sometimes you go back to the broker, sometimes you go direct to the employer or to the employee to get that information. How does HIPAA affect that process?

MS. EVANS: With regard to HIPAA, really all they're going to require is for you to recognize that your brokers do get that information and that they are aware that they need to protect what they receive. They say be reasonable.

FROM THE FLOOR: Doesn't HIPAA also require, though, that the employee sign a disclosure that they're going to disclose this information? Then, secondly, what fallback do we have if you've got these people who do not want to sign that, because we've already got people who refuse to give Social Security numbers. So what if they say, "I don't feel you have the right to that?" Then what fallback do we have as a carrier? Can we just decline or quote that group on that basis?

MS. PENDLETON: One thing I was going to point out, the way we have the system set up now electronically, the broker wouldn't actually see any of the answers to the medical questions if they go through the whole system on their own. Now, we still do have brokers that send in some of the medical questionnaires, so they know the medical information. What we've been doing is, if they send in information and there are questions, we have policies in place that we'll tell them they've got to underwrite on the group, but we won't tell them why, or we won't give them any specifics. So we try as best we can to keep the employees' information as private as possible.

MS. EVANS: Also, even though HIPAA will not allow enrollment to be contingent on providing a consent to allow you to give their information or send their information out for marketing, it does allow you to condition enrollment based on your getting the information that you need to enroll them. Now, that's not always a great choice, because that broker wants to make that sale, and so that's where it's up to you. Also, in the modifications of the privacy rule, the government has eased a lot of the authorization and consent requirements and also has better defined what they mean by marketing, which was an area of great concern for a lot of health plans. Those modifications are proposed, so even though people are relying on them, for me, when I consult, the regulation is the regulation is the regulation, and until it becomes a regulation, I can't rely on that. But certainly the intent of HIPAA,

the intent of the regulators, is to say we're trying to do the right thing, we're trying to respond to what industry wants. We realize that you need information to perform health care operations, and so they've wrapped the regulations around allowing you to perform that.

MR. LONG: I think we're seeing that HIPAA seems to be focused only on the EDI side. That's not really true, but that's how people are approaching it. They're saying, well, electronically we have to be careful with how we do things. And to your point, what we have seen is we do things on paper that are way off base. One of the real-life situations we found where this becomes incredibly difficult for a plan, something that kind of came back and bit us, was we wanted to provide eligibility information over the Internet to providers as I talked about earlier. Our HIPAA team came and told us, "Well, we see that you want to provide X, Y and Z to that provider, that's great, that's within the HIPAA rules. It's okay to show them that information, but you have to provide the same level of information over the Internet as you do over your voice response unit (VRU) phone system, as you do whether someone calls member services or not." This is one that we've struggled around and around, and our HIPAA committee is trying to deal with. One of the proposals that was put out on how to deal with that is basically our VRU system did not provide as much information as we wanted to on the Internet site. We have this concept of maybe we actually have to go out and dumb down the Internet to meet the level of what we were able to do over the VRU, even though it would be more beneficial for the provider and for the member to be able to have the provider check all that information over the Internet, because they all had to be on par. We had to either spend a lot of money and upgrade the VRU, which is a technology we're trying to get rid of, or not provide people what they want over the Internet. So that's a real-life struggle that we have. Or we can say we'll pay the penalty when we had a calculation that said how much it would cost us if we get penalized for providing too much information over the Internet. Again, not too much beyond the law, within the law, but too much compared to our VRU.

MS. EVANS: That's actually, I would say, your company's translation of what the government says is reasonable. There's nothing in the regulation specific that says you can put it here, and you can't put it here. In fact, the government, when they wrote the regulations, really didn't realize how far technology would go, and so they didn't cover a lot of this Internet activity. But I would say that your company's probably wanting to place some control, so they want it one way.

MR. RACHLIN: I would end with two things: one, the Internet is a powerful place for health insurers, and there's a whole lot to be gained by taking advantage of it. And two is, you'd better do it carefully.