

# OUTLOOK

*A Publication for the Brokers and Producers of Trustmark Insurance Company's Group Division.*

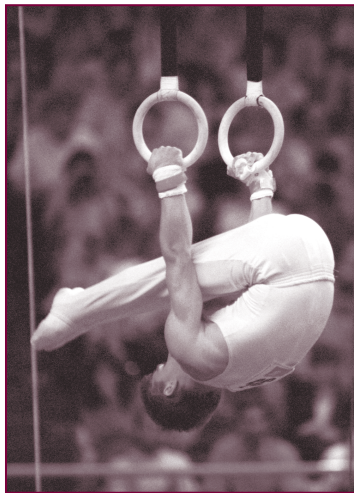
June 2000

## Trustmark Announces New ASO Product for Mid-Sized Employers

Trustmark's Group Division is introducing a new Administrative Services Only (ASO) product aimed at mid-sized employers with 51 to 200 lives. The new product, called Flex Plan Plus, was created to fulfill the needs of employers who desire a more cost effective approach to funding rather than go the conventional route.

"What we are seeing from the competition is a reluctance to release claims experience for groups with 51 to 200 lives. Most large insurance companies, third party administrators (TPA) and reinsurers today will not offer a self-funded plan to a group with 60 lives," said John Rowlette, Trustmark's Midwest Regional Sales Director. "While most insurance companies will only offer self funding for large group employers with 500 or more lives, Trustmark believes this new ASO product will gain in popularity with mid-sized companies as we continue to see double digit trend factors," he added.

Rowlette said the major advantage of the new ASO product is that Trustmark is assuming the risk for both the individual and aggregate stop loss



protection. "Group clients choosing this product won't have to look for outside reinsurers to fund specific or aggregate claims. This provides a major benefit over using a third party administrator and an outside stop loss carrier." Additionally, he said Trustmark recognizes that cash flow is an important consideration to its clients, "so we've included monthly maximum aggregate protection in the plan."

In order to make Flex Plan Plus more competitive on fixed costs, it will be packaged with Trustmark's standard small group plan designs. While Private Healthcare Systems, Inc. will be the lead provider network for the plan, "we will have the ability to use over 60 different national vendor networks for multi-site employers," Rowlette said. He added, "Network availability, low fixed costs, monthly aggregate protection and Trustmark's superior claims paying ability make this a very attractive product."

*For more information on the new ASO product, please contact your Trustmark sales representative.*

## Private Healthcare Systems to Eliminate Gatekeeper Programs

Effective September 1, 2000, Trustmark will no longer offer Private Healthcare Systems, Inc.'s Point of Service (POS) product to its group clients. The move is in response to PHCS's recent announcement that it will discontinue the Primary Care Physician (PCP) and referral requirements for members of the POS network.

According to PHCS, the change was necessary due to the lack of demand for the PCP gatekeeper product. PHCS network services have reflected a steady decline in POS network membership over the past five years, mainly because employees are opting for less restrictive forms of managed care, such as OpenAccess and PPO's. In addition, the gatekeeper model hasn't proven to be as cost effective as originally anticipated.

PHCS will continue to offer the PPO and anticipates rolling current POS members into OpenAccess plans. For more information on how renewals will be handled for Trustmark insureds, contact your Trustmark sales representative.

# Insurance Industry Trends Are on the Rise

Salespeople are often confronted with the question, "Why are my rates going up?" Explaining to a client how healthcare costs soar between 13 percent to 15 percent annually, while the general inflation rate stands at a mere three percent, can be difficult at best. Dave Tobin, Assistant Vice President, Group Actuarial, has compiled a list of reasons medical insurance trends and rates are rising that you can share with your clients. They include:

- **Worsening risk base due to HIPAA.** HIPAA forces carriers to cover all companies and individuals which meet the insurer's group underwriting requirements. Business which previously was declined, must now be accepted.
- **Small group reform rate restrictions.** Carriers are limited as to

*how much rates can be increased. For new business that is guaranteed-issue, the maximum rate increase is limited, regardless of the group's experience. Carriers pass the losses on to customers.*

- **Increased regulation.** Higher costs to administer business in multiple states and to comply with mandated benefits are passed on to consumers. As these regulations increase, so has the number of uninsured individuals.
- **Medical malpractice/legal costs.** Large settlements for malpractice are common. Doctors pass malpractice premium costs along to consumers.
- **Prescription drugs.** Increasing drug costs, underpricing and increased marketing of high-cost drugs directly to consumers have all contributed to higher medical trends.

- **Medicare.** The government has greatly reduced Medicare reimbursements to providers, and providers are charging more to offset the costs.
- **Managed care backlash.** Hospitals and physicians are less willing to negotiate discounts through managed care arrangements.
- **Product mix changes.** Multiple option plans have been on the rise. Consumers demand more options, which can lead to adverse selection and cost increases.

When calculating trend, Trustmark looks at the rolling averages of claims per employee (typically 3-month and 12-month moving averages) on a closed block of business and compares it to global health cost index data.

## Trustmark Tackles Fraud with In-House Investigation Unit

Insurance fraud presents one of the biggest drains on healthcare industry dollars today. According to the U.S. General Accounting Office, fraud accounts for as much as 10 percent, or \$100 billion of the nation's healthcare expenditures. Offenses can include charging for services not rendered, waiving copays, changing medical codes, performing medically unnecessary services and using non-licensed providers.

To combat this growing problem, in 1991 Trustmark created a special investigation unit, now known as The

Sentinel Group, which investigates suspected fraud and claim abuse in health, life, dental and disability insurance. Sentinel investigates and eliminates attempted health care fraud against Trustmark companies as well as outside clients such as third party administrators and insurers that don't have their own anti-fraud programs. The Sentinel Group has reviewed over 26,000 claims and saved over \$10 million since 1997. An example of the Sentinel Group's work played out recently when an insured went on a trip to Mexico to visit relatives and wound up having surgery for

appendicitis. In checking the insured's claim history, investigators discovered she'd had an abdominal surgery in the U.S. the year before. Sentinel requested the operative report which revealed the insured had already had an appendectomy. The anesthesia bill was from a plastic reconstructive surgeon. Sentinel suspected a possible tummy tuck and recommended that Trustmark deny the claim.

For more information about The Sentinel Group, call (847) 453-7283 or visit Trustmark's website at [www.trustmarkinsurance.com](http://www.trustmarkinsurance.com).

## No POS Plans in Missouri

Effectively immediately, Point of Service plans may not be sold or renewed for groups based in Missouri with the Private Healthcare Systems, Inc. network. Groups with subsidiaries located in Missouri who have policies issued in another state are allowed. Healthlink's POS business isn't affected by this decision because Trustmark policies aren't issued to those groups.

## Send Census Data Via Internet for Faster, Accurate Processing



The Group Division is encouraging brokers and groups to begin e-mailing large group census data to Trustmark so it can be downloaded directly into the division's mainframe computer. Receiving this information via the

Internet rather than by fax will eliminate mistakes and result in the faster completion of proposals and underwriting.

When sending census data to Trustmark, employers and brokers can forward the information to their sales representative in a file using any spreadsheet format, such as Excel or Lotus. For more information, please contact your sales representative.

# Sales Tips

A thought to sell by:

*"It doesn't matter how many times you fall down. What matters is how many times you get up."*

— Marian Wright Edelman

## 13 Ways to Field Customer Questions

How you respond to your customers' questions can make or break a sale. Here are some suggestions:

1. **Make sure you understand the question.** *If you're not sure—ask. "Would you mind saying that again? I'm not sure I understand your question."*
2. **Think through your answer.** *"Let me think about that for a moment—I want to be sure to give you the right information. I'll need to check my notes before I give you that figure."*
3. **Qualify your answer if necessary.** *"Before I answer that, I should point out that... Let me tell you the history on that."*
4. **Refuse to answer some questions.** *Just do it with a smile—and be ready to explain why you're refusing. "I'm sure you don't expect me to give you that information. I can't answer that because..."*
5. **Postpone your answer if you don't have all the facts.** *"That's a good question, but I don't have the answer at the moment. Let's call my office to find out."*
6. **Stop wasting time on pointless questions.** *"Yes, you're right. Now let me ask you about..."*
7. **Let the buyer continue talking if he interrupts your answer.** *The information he gives you may change your answer.*
8. **Answer part of the question if you can't give a complete answer.** *"Yes, we can arrange to mail the brochures to your Cleveland office, but I'm not sure about using Federal Express."*
9. **Use examples in your answer when you can.** *"As a general rule, it works like this..."*
10. **Handle loaded questions with care.** *"Without placing blame, let me say that..."*



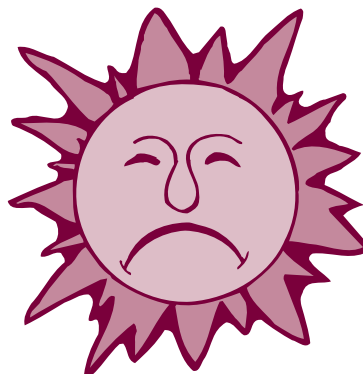
11. **Break down multiple questions and answer each part.** *"To answer your first question, yes, we do offer several funding options. As to premiums, we..."*
12. **Answer the unasked question.** *"Here's how we solved the problem when another customer experienced..."*
13. **Avoid arguments by turning statements into questions.** *"You made a good point. Do you need more coverage?"*

—Selling through Negotiations, Homer B. Smith as seen in the Competitive Edge

## Beat the Summer Blues

Salespeople know summers can be slow: Prospects go on vacation, work shorter hours—they don't want to buy. In his early days, sales trainer Tim Connor fell for this thinking. And his sales results seemed to prove it. He explains the connection like this: "You get what you expect."

Connor now suggests another approach. "Your best months can be between June and August because many of your competitors are stuck in the summer blues." *His suggestion:* "Catch them



snoozing—beat them to the business." So before you decide to take it easy this summer, consider these thoughts:

- *Few of your prospects will take the whole summer off.*
- *People are more casual in the summer—they may be more willing to listen.*
- *Summer days are longer, giving you more time to sell.*
- *Last, but not least: Parking lots are less full and that means a shorter trip to your prospect's office.*

—Source: *The Competitive Advantage*

# Trustmark

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**Inside this Issue of  
Group Producer  
Outlook...**

**New ASO Product for Mid-Sized Groups**

**Trustmark's Sentinel Group Fights Fraud**

**Fielding Customer Questions**

## New Sales Office

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## The Kansas City Sales Office has a new address:

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## We Want to Hear From You.

*If you have any story ideas  
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