

Great-West Healthcare Division

Great-West Healthcare is a national employee benefits provider with expertise in self-funding and creative health care management solutions. Our product line includes traditional group health plans as well as consumer-driven plans that are supported by our nationally recognized disease management program. Other services include COBRA, HIPAA and flexible spending account administration; dental and vision plans; life insurance benefits, and short-term and long-term disability coverage.

Healthcare Division meets challenges

A year of complex challenges brought exciting changes and significant milestones as the Healthcare Division worked to define and build a strong foundation for success. While pricing actions, a reduced employee base for existing group customers and a struggling economy resulted in a membership decline, we put into place specific strategies to promote membership growth in 2004.

As part of a revitalized business strategy, we refined our focus on profitable growth within our target markets and realigned the sales force to support the differing expectations of those segments. This meant building upon strengths in select accounts (50-250 employees), increasing focus on mid-market business (250-2,500 employees), and enhancing capabilities for future growth in national accounts (2,500+ employees).

Another important step in building a strong foundation was to better define the division internally and to target audiences. We accomplished this by consolidating our multiple business entities into a single, consistent identity – Great-West HealthcareSM. More than a name change, the new brand incorporates longstanding ideals of trust and creativity into one voice and one look. The Great-West Healthcare brand was launched with event sponsorships and a national advertising campaign directed to brokers, consultants and health care decision makers.

New products address rising costs

Another major initiative was to expand aggressive product development efforts to confront rising health care costs. Foremost on this front was the Great-West Healthcare Consumer AdvantageSM plan, designed to save employers up to 15 percent on medical premiums compared with a traditional PPO plan design.

This industry-first, consumer-driven tiered benefit plan covers preventive care at 100 percent and provides high-level coverage for medically complex or catastrophic services. To give members the information and options to make financially and medically sound treatment choices, Great-West Healthcare provides a 24-hour nurse hotline and a wealth of online tools including an interactive wellness system, a prescription drug comparison tool, and the CareCompareSM database for researching hospital performance.

Continuing our focus on the consumer, our Health Reimbursement Account (HRA) allows employers to shift from a defined benefits concept to a defined contribution philosophy that engages members in making cost-effective health care decisions. Through this plan, employers contribute money for each employee to spend on health care expenses. Funds remaining at the end of the year can be rolled over for future use. Another first in the market, Great-West Healthcare's concurrent payment HRA shares expenses equally between the member and the employer-sponsored HRA from the first dollar of coverage.

Medical management delivers savings

Nationally recognized medical management programs complement each plan the company offers – HMO, Open Access, POS or PPO. The Medical OutreachSM program features care management, disease management, and online health management tools to help businesses realize a significant reduction in expected health care costs.

Our disease management program serves enrolled members with asthma, diabetes, cardiac and other conditions. This program has led to an increase in appropriate physician office visits and pharmacy use while decreasing hospital stays among program participants, resulting in average medical savings over \$2,000 per year for enrolled members with diabetes and cardiac conditions.

In 2003 we strengthened our disease management programs with the addition of oncology and neonatology programs, earning industry honors for our suite of programs as the Best Disease Management Program for a National PPO. Presented by the Disease Management Association of America, the award acknowledged our continued results and commitment to treating members with chronic diseases, as well as innovative programs introduced during the year. We will further sharpen our disease management focus in 2004 with the introduction of pain management, depression management, and other targeted programs.

We also completed a number of compliance initiatives, including privacy and electronic transaction requirements associated with the administrative simplification provisions of the federal Health Insurance Portability and Accountability Act (HIPAA).

While building a strong foundation was the guiding force in 2003, we also recognized the need to manage expenses. Our division consolidated regional functions into corporate headquarters to reflect increased operating efficiencies, and implemented targeted reductions to better align our workforce with current membership.

Looking to 2004, we believe our emphasis on new product design and ongoing process improvements will give us the edge in helping customers meet the benefit challenges of tomorrow.