

MedBen becomes a rare TPA with ISO certification

BY JEFF BELL ■ BUSINESS FIRST
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ISO 9001:2000 is more than an acronym followed by a string of numbers to Doug Freeman, CEO of Newark-based Medical Benefits Mutual Life Insurance Co.

In his eyes, the term spells out one of keys to MedBen's future as it provides third-party administration of health benefits and claims to companies in the 100-employee to 5,000-employee market.

So Freeman and others at MedBen recently breathed a sigh of relief when the company received the ISO 9001:2000 certification from the Switzerland-based International Organization for Standardization. It places MedBen among the few health benefit third-party administrators with the certification.

"ISO identifies the root causes of problems and fixes them so they don't happen again," Freeman said. "It's all in the process of us trying to improve customer satisfaction."

ISO has long been recognized as a standard of quality for manufacturers of con-

as the third-party administrator for those employer groups. MedBen also provides third-party administration services to companies with self-funded health plans and sells group insurance products, including life, vision, dental and disability coverages.

The third-party administration side of the business accounted for more than half of MedBen's revenue of \$22.4 million in 2004, Freeman said. It is on track to make up nearly two-thirds of this year's projected revenue of \$23.5 million.

Once the third-party administration business became its primary focus, MedBen saw that pursuit of ISO certification would lead to improvements in service to customers, said Kurt Harden, the company's senior vice president.

He became more familiar with ISO certification in 2002 while teaching a class at the Licking County Joint Vocational School. The school has the certification, Harden said, and a faculty member told Harden it could help MedBen, too.

"The key measure is customer satisfaction. Is the customer satisfied and what are you doing so you're always improving?" Harden said. "It doesn't mean you're perfect. It's a system by which you make yourself better."

MedBen has documented improvements in 18 business processes since beginning pursuit of ISO certification, said Cara Delcher, vice president of quality systems.

The ISO approach requires a commitment to continuous improvement and

cooperation among company departments, she said. For example, a 12-person team of MedBen workers must conduct three internal audits a year. In addition, an outside auditor, SAI Global Ltd., examines the company's practices twice a year to ensure it continues to meet ISO standards.

"You're not done once you receive the certification," Delcher said. "You've got to have these internal reviews on an ongoing basis."

That's fine with Freeman, who sees the ISO process helping MedBen market itself as a third-party administrator that designs flexible benefit plans and backs them up with quality service.

"Our niche is 'you can have your plan anyway you want it,'" he said, "and our goal is to do it flawlessly."

MEDICAL BENEFITS MUTUAL LIFE INSURANCE CO.

Business: Third-party administrator and insurer of health benefits that also offers vision, dental, disability and life insurance to employer groups.

Based: Newark
CEO: Doug Freeman
Employees: 175
Health plan members: 84,000
2004 revenue: \$22.44 million
2004 profit: \$1.48 million
Founded: 1938
Web site: www.medben.com



D. Freeman

sumer products, especially in the automotive industry. That's an important consideration to MedBen because more than a third of the company's clients are manufacturers.

Pursuit of ISO certification is a relatively new development in the service industry, Freeman said, with fewer than 15 percent of service companies holding the designation.

MedBen has spent the past three years working toward the certification. Freeman described the process as a formal approach to management and quality improvement in which results are studied, trends are monitored and continuing improvement projects are required.

He and others with the 67-year-old company saw the ISO process as a way to deal with the growing complexity of the technology and government regulations required in the administration of health plans.

"Our business has gotten so complex," Freeman said, "that it's no longer possible to rely on luck to be the best."

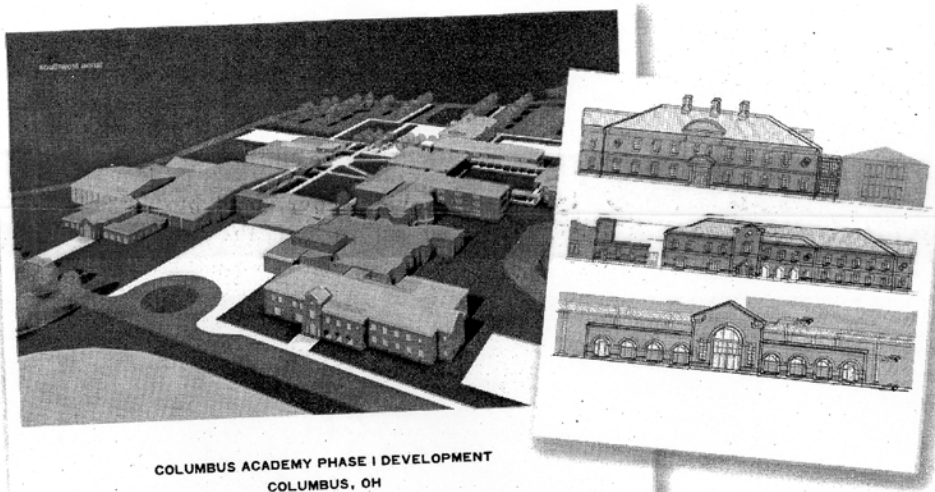
MedBen leaders decided two years ago that the company needed to focus on its strength in administering health plans instead of underwriting the risk associated with them.

"We were just too small to be on the front line (of the risk business)," Freeman said. "There was no real stability in our block of business."

MedBen was writing about \$60 million in annual health insurance premiums at its peak. In comparison, mega-insurer United-Healthcare of Ohio had \$1.1 billion in health maintenance organization premiums alone in 2004.

Last year, MedBen entered into an agreement in which it transfers most of its health insurance underwriting risk to Columbus-based Nationwide Health Plans but serves

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