

# San Diego Business Journal

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## Growing Client Base Reaps Benefits of Intercare Solutions' Services

By MIKE ALLEN - 1/4/2010

San Diego Business Journal Staff

Carlsbad-based Kisco Senior Living is feeling a lot better about its employee health benefit program these days.

Last year, the operator of 19 senior communities in six states decided to dispense with dealing with some 20 separate insurance carriers providing a quiltlike variety of programs geared to a traditional model of managing health care. That is, you get sick, visit the doctor and get treated.

It's the same model that has resulted in rising health care costs nationwide, and in turn, caused insurance premiums to increase to such levels that many smaller businesses are considering dumping health insurance coverage altogether.

After a six-month research process, Kisco selected San Diego-based Intercare Insurance Solutions as its employee benefits brokerage for its 1,350 employees.

Richard Swartzbaugh, Kisco team leader/associate services, says the critical change with Intercare as its benefits consultant/manager involves a major shift in how workers think about their health, promoting the concept of taking greater responsibility for managing it.

"We want more employees going to the doctor, and want them to use the traditional tools," Swartzbaugh said. "You don't want to wait until you come down with some cardiovascular disease or until you have a stroke."

### Reducing Risk

By providing incentives to employees to get regular physical exams and learn about their individual health risks, they are more inclined to reduce or eliminate those risks. That usually leads to healthier and more contented workers, and eventually, reduced premiums, Swartzbaugh says.

As employees become more familiar with the program, "They are going to be healthier, they'll live longer, and the costs for managing your health care will go down," he said.

Mike Barone, Intercare president, said that although other insurance brokerages incorporate similar proactive health management strategies into their plans, "No one has the level of commitment and infrastructure in wellness that we do."

Barone, a 20-year veteran of the insurance industry, founded Intercare in 2003 in the midst of a massive consolidation of the insurance industry that has been ongoing for more than 10 years.

Instead of seeking health care coverage from a group of 25 carriers, as was true in the mid-1990s, businesses seeking health plans could turn to only a handful of mega-insurers that naturally increased the costs for these services, Barone says.

### New Approach

Intent on carving out a niche for his fledgling enterprise, Barone fashioned an innovative strategy of structuring affordable health care programs that heretofore were offered only by larger corporations with thousands of employees.

In addition to acting as an account manager for the employee benefits programs, Intercare provides all the necessary communications and compliance services to its clients.

But the critical piece of Intercare's services involves designing and operating a wellness component to health care programs that induces employees to be proactive in managing their own health.

Once that buy-in occurs, employees tend to get sick less, aren't spending as much time dealing with being sick, and are generally more productive in their jobs, Barone says.

As a consequence, a company's health care costs should decline, he says.

"What we're offering here is a paradigm shift in the way we think about health care — not as an expense, but as an investment," said Barone.

### It's Working

The concept is apparently catching on. From an initial client base of about 20 and \$350,000 in revenue generated in 2003, Intercare Insurance Solutions now counts some 250 clients. Revenue last year was more than \$10 million, Barone said.

Clients range from a two-person business to Pacific Sunwear of California Inc., an Anaheim-based sportswear retailer with more than 900 stores, about 10,000 employees and more than \$1 billion in sales.

Marshall Merrifield, chief executive at San Diego-based Clark Security Products Inc. and General Lock Security, says in the three years he has used Intercare's brokerage services to manage his employee health benefits programs, the health care costs for his two businesses, with a combined work force of 340, have stabilized.

"We finally got control of our health care costs," Merrifield said. "The company's overall wellness is higher, our employee satisfaction is higher, and we're not having 20 percent annual premium increases anymore."

As Intercare's business has grown, so has its staff, which numbered 50 as of the end of December, including 44 in San Diego. Its two other offices are in Pleasanton and Houston. Recently, Intercare hired three new experienced executives: Linda Keller, as senior vice president of client services; Bev Gregory, as senior vice president; and Adrian Atilano, as president of Intercare Risk Solutions, a new division focusing on executive risk services.

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