

## PROFILE

## Ready to run area's dominant health insurer

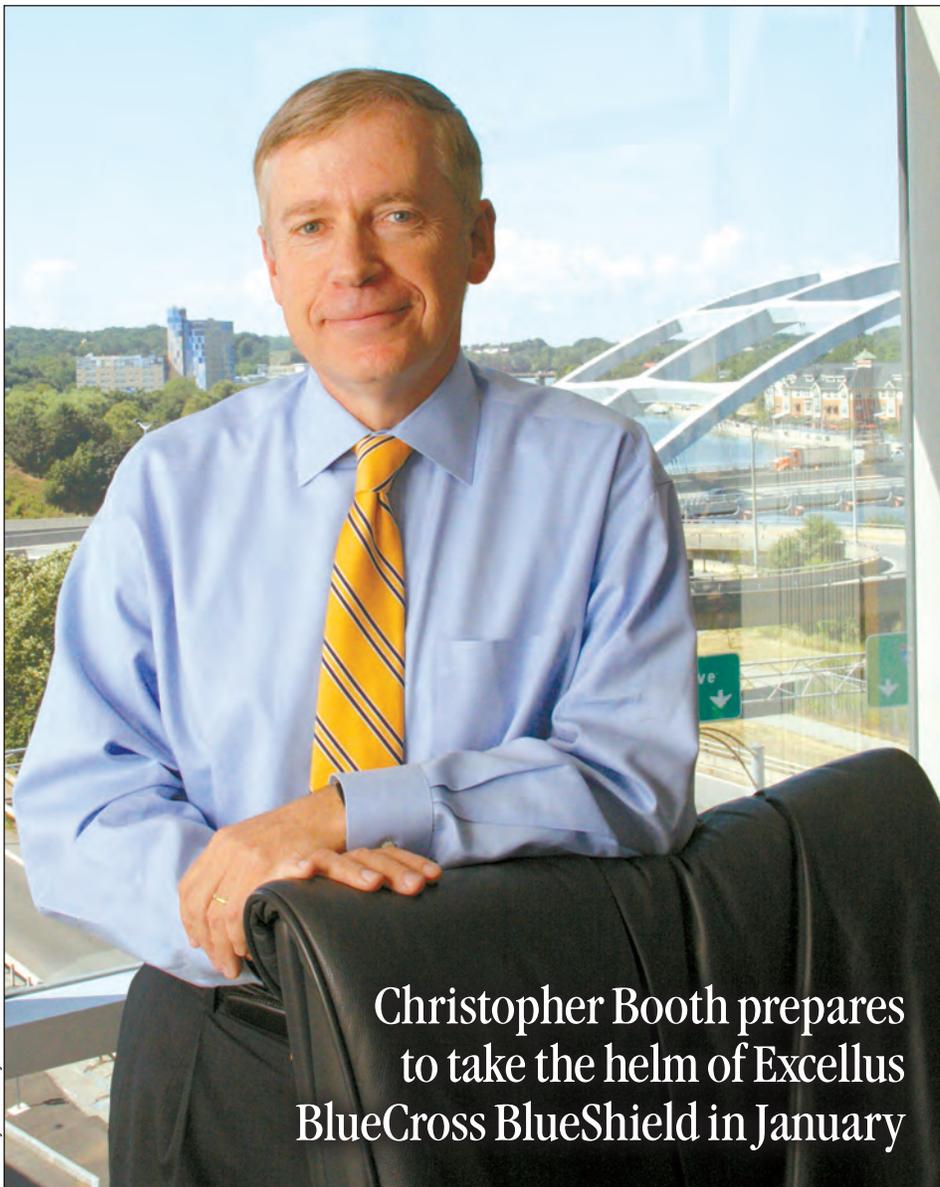


Photo by Kimberly McKinzie

## Christopher Booth prepares to take the helm of Excellus BlueCross BlueShield in January

By WILL ASTOR

As one of Excellus BlueCross BlueShield's top executives, Christopher Booth started running after he decided to get his body mass index, cholesterol and blood sugar numbers checked

as part of a company drive to encourage employees to adopt healthy habits.

The decision was a wise one and led to a major lifestyle change.

Now president of Excellus, Booth is slated to take over as CEO of the Blues and their parent company, Lifetime Healthcare

Cos. Inc., in January when CEO David Klein retires.

Booth is 51. He has gray hair and stands an inch or two under six feet. He is built compactly and has the almost gaunt but wiry frame and visage of a runner. It is hard to imagine 60 extra pounds on that frame, but he swears that only a few years ago, before he started running, he carried those extra pounds.

His BMI of 31 made Booth officially obese, and his cholesterol, blood pressure and blood sugar readings put him in the risk column for heart troubles and diabetes.

"I was shocked," he says.

Booth, an attorney, had led the health care practice at Albany law firm Hinman Straub P.C. before joining Excellus as chief administrative officer in 2004. He had put in long, sedentary hours and not eaten particularly well for more than two decades. A tennis team member in high school, he had not played a sport since intramural basketball days in college.

When Booth joined a hike up Pike's Peak in Colorado and could not keep up with the 11 other hikers, what the BMI and other numbers could presage hit him. About to turn 50 and seeing his mortality as more than a theoretical possibility, he resolved to change.

"I'd done fad diets like cutting out carbs, but I'd always gain the weight back. I realized it was a math exercise: You count the calories. I also started eating better, more fish and vegetables and less bread. I started to exercise and I started to run."

It took Booth six months to shed 60 pounds. He now runs five miles five or six times a week and has maintained the lower weight. His cholesterol, blood pressure, BMI and other indicators look great, he says.

### Turning point

Now the company he is about to lead is at its own turning point.

Excellus has nearly 2 million subscribers, takes in more than \$5 billion in premium revenue annually and has reserves in the \$1 billion range. It runs non-profit

Blues plans in Rochester, the Finger Lakes, Syracuse, Watertown, Utica and Rome and a non-Blues HMO in Buffalo.

Along with its Lifetime Healthcare parent, Excellus employs some 6,000 people, more than half of whom—3,500—work in the Rochester area.

On the non-profit side, Lifetime Healthcare runs a medical group with seven Rochester-area health centers and the Rochester area's largest home health agency. Its for-profit companies include the MedAmerica Inc. long-term care insurance company, the EBS-RMSCO Inc. employee benefit company, the Walker Group commercial insurance brokerage and Support Services Alliance Inc., a company offering group plans and support services to small businesses.

In 2011, Excellus posted a net operating gain of \$157 million and had a 2.8 percent operating margin. In 2012, its numbers were still positive but its operating gain fell to \$32.9 million, yielding an operating margin of just 0.06 percent.

With the Patient Protection and Affordable Care Act as the law of the land, Booth says, all U.S. health insurers find themselves at a turning point. He sees the Supreme Court's upholding of the law as a move that will help stabilize U.S. health care, but with a lawyer's caution he stops short of applauding the decision.

"I'm not really paying attention to the politics," Booth says when asked whether he sees the decision as a good thing.

"It has some positives. It does good things for consumers," he says, citing provisions barring insurers from denying coverage to people with pre-existing conditions and re-

quiring coverage for unmarried children up to age 26 on their parents' policies.

For Excellus, which already hews to policies similar to or matching many of the Affordable Care Act's provisions, the act might pose fewer challenges. One area that could raise questions for Excellus is direct-pay, policies that are sold to individuals not part of a group plan.

As a group, direct-pay subscribers have worse experience—insurance jargon meaning they make more claims and thus ring up proportionately higher costs than group-plan enrollees. Yet New York insurance law requires carriers to offer direct-pay subscribers benefit-rich plans.

Faced with this mandate, Excellus in the late 1990s and early 2000s hiked direct-pay rates dramatically, hitting individual, non-group subscribers with increases mostly in the high 20 percent range and sometimes in the low 30s. When regulators in the administration of Gov. George Pataki tried to force a rollback, Excellus took the state to court and won.

With implementation of the Affordable Care Act, the direct-pay market is supposed to move into an insurance exchange in which insurers from all over the country will compete. Booth welcomes this. The individual mandate will mean a larger direct-pay risk pool, which will enable Excellus to offer lower rates, he believes. And as a firmly established local actor in roughly half of the state's counties, it easily will outrun any for-profit giants that might angle for insurance exchange business.

Still, Booth says, factors other than reform legislation are creating uncertainties in U.S. health care. In a series of experiments not directly related to the Affordable Care Act, provider payment schemes are in flux.

Under current payment practices, doctors and hospitals are mostly paid per procedure or for each office visit in a system known as fee-for-service. Largely driven by the Centers for Medicare and Medicaid Services, new plans that attempt to tie reimbursements to the quality of care more than to the quantity delivered are starting to filter out.

Partly cushioned by grant money meant to support such experiments, Excellus is supporting two: a medical home project on the primary-care front and a coaching program meant to reduce readmissions of recently hospitalized chronic disease patients.

Others fall under the general rubric of bundled care, a system in which groups of providers, such as members of a surgical team, would be paid for a care episode instead of each member being paid individually for a procedure.

Like many in the industry, Booth sees such experiments as about to profoundly alter U.S.

health care. The one idea behind it is that if providers can focus on outcomes and best practices instead of the quantity of services they deliver, outcomes will improve and patients will need less care. Whether that is correct and to what degree will become clear only with time, Booth says.

The new payment models, along with the Affordable Care Act, could keep U.S. health care in flux for years. Booth and others in the health care system see it as likely that the changes will force greater cooperation among providers and between payers and providers.

A point popular among many health policy experts is that much of the least expensive and most effective care in the country comes through systems and organizations such as the Kaiser Permanente health plan of Oakland, Calif., Geisinger Health System in Pennsylvania and the Mayo Clinic in Minnesota, which take on risk themselves and control how care is delivered by teams of employed doctors.

Booth sees Excellus as an essential and major part of such a system in Rochester and much of Upstate New York, but one that, unlike self-contained systems such as Kaiser, is evolving as a cooperative effort among multiple providers and payers.

On the same page as Booth on that score is Bradford Berk M.D., CEO of the University of Rochester Medical Center. In addition to running Strong Memorial and Highland hospitals, URMC's staff of 16,385 includes more than 1,000 of the area's doctors. Through cooperative agreements and affiliation pacts, it also works with other area provider organizations, including Unity Health System, Rochester General Health System, Thompson Health System and Lakeside Health System Inc.

"We have a growing relationship with Excellus," Berk says.

It was not always so. In the mid-1990s, URMC's head, Jay Stein M.D., and former Excellus CEO Howard Berman traded pointed barbs in letters in which each accused the other's organization of sabotaging its plans.

A rapprochement between URMC and Excellus began under Stein's successor, McCollister Evarts M.D., who opened relations with Berman's protégé and successor, Klein. Berk has continued to cement tighter relations with Klein and Excellus.

"I see Chris as a worthy successor to David (Klein)," Berk says.

Fran Weisberg, executive director of the Finger Lakes Health Systems Agency, likewise is optimistic about a growing role for Excellus under Booth as part of a regional, provider-payer network.

Though relatively small, the Rochester-based agency headed by Weisberg could play an outside role in setting the course for health

## Christopher Booth

**Title:** President and chief operating officer, Excellus BlueCross BlueShield and Lifetime Healthcare Cos. Inc.

**Age:** 51

**Education:** B.A. in English, Holy Cross College, Notre Dame, Ind., 1983; J.D., Albany Law School, 1986

**Family:** Wife Gail; daughters Kim, 22, Kristen, 19, and Julie, 17

**Home:** Pittsford

**Activities:** Runs 5 miles on five or six days a week

**Quote (on the merits of the Supreme Court's 5-4 decision to uphold the Patient Protection and Affordable Care Act):** "I'm not really paying attention to the politics. It has some positives. It does good things for consumers."

care in the state. It recently was named by CMS to administer a \$26 million Center for Medicare and Medicaid Innovation grant. FLHSA will play a crucial role in disbursing the money, which is supposed to be parceled out among area organizations to further health care reform.

Excellus played a critical behind-the-scenes role in helping her agency win the CMMI grant, Weisberg says. The help came in the provision of current claims data, something Berk also identifies as an invaluable help to URMC in efforts to realign its own organization.

Excellus, says Weisberg, is part of Rochester's DNA, and Booth, a member of FLHSA's board, is in a good position to strengthen Excellus as a partner in the region's and the state's health care reform efforts. Booth's membership on the state Department of Health committee that makes final recommendations to the commissioner will further increase his ability to shape state policy.

Weisberg's DNA comment refers to Excellus' role in the 1960s as a key component of a widely admired regional health care system. Under a system largely arranged by Marion Folsom, an Eastman Kodak Co. vice president who served a term as President Dwight Eisenhower's secretary of health, education and welfare, Rochester's largest employers agreed to insure all their workers with Excellus in a community-rated plan.

The system Folsom designed helped to hold down health care costs in the Rochester area for the next 30 years and fostered provider cooperation. It also gave Excellus more than 90 percent of the local commercial insurance market until a few years ago. But under pressure from policies favoring competition and managed care, it came undone.

The evolution of the locally active Rochester Blues into Excellus—now the largest non-profit and second-largest health insurer in the state—came about under Berman, who saw its expansion as needed to create a non-profit that could serve as a bulwark against a takeover of New York's health insurance market by big for-profit firms.

Berman and Klein, who was Berman's second in command for nearly two decades, have credited Booth, in his former role as head of Hinman Straub's health care group, as the unseen architect who provided the legal framework for the mergers and acquisitions of upstate Blues plans and the Univera HMO in Western New York that form the core of the Excellus/Lifetime Healthcare empire.

## Career path

Raised in suburban Connecticut as the fourth of five siblings, Booth was the child of a salesman and a stay-at-home mother. Unsure what direction he should take, he majored in English at Holy Cross College in Notre Dame, Ind. Still not sure when he graduated with a bachelor's degree in English in 1983, Booth went to law school on the advice of a professor.

He scored an internship at Hinman Straub, known even then as one of New York's top lobbying firms, when a student two years ahead of him at the Albany Law School aged out of the internship and offered it to him.

After Booth earned a law degree in 1986, Hinman Straub offered him a job, which he took. The firm assigned him to its health care practice.

"Before that I had no particular interest or knowledge of health care," Booth says.

**"Howard (Berman) and David (Klein) first wanted me to come on as general counsel. ... I told them I absolutely was not interested."**

Despite what in Booth's account sounds like a casual and somewhat passive approach to his legal career, he excelled at the law and especially as a health care lawyer, Stephen Cleary says.

Now of counsel at Hinman Straub, Cleary, 71, formerly headed the firm's lobbying group and worked with Booth in efforts including the Rochester Blues' metamorphosis into Excellus.

"Chris," Cleary says, "is a lawyer's lawyer. By that I mean that he knows the law but he also knows that the law is a part of it but not the whole of it. He's as solid as they come.

"There are two types of lawyer. You bring a problem to one and he tells you how to avoid it. The other one tells you how to solve it. Chris is the second type, which I think is the better type."

Booth's decision to leave Hinman Straub for Excellus was mourned at the law firm, Cleary says.

Booth says he was not particularly interested in taking a job with Excellus and took a month to respond to Berman's and Klein's recruitment pitches. He had been at Hinman Straub for 17 years and was happy with the job.

"Howard and David first wanted me to come on as general counsel," Booth says. "I told them I absolutely was not interested. I could do legal work for the company at Hinman Straub. Why would I want to move?"

His wife, Gail, whom he had met when they were law school classmates, did not want to move either, Booth says. She had given up practice after their third daughter was born and was comfortable with a cir-

cle of friends and with their life in the upscale Albany suburb of Guilderland. The couple's three school-age daughters also were not interested in being uprooted.

Adjusting to a new home in Pittsford was not that easy for the family, but all have now adapted.

"Rochester," says Booth now, "is a great place to live."

After some 30 days of back-and-forth with Berman and Klein, Booth agreed to jump to Excellus with the provision that he would come as a manager rather than as a lawyer. While he oversaw legal affairs as chief administrative officer, he also was responsible for other areas. Later, as chief operating officer, he took on managerial chores for Lifetime divisions.

## Some tensions

As Booth prepares to step into the top job at Excellus, the wars between the insurance carrier and area providers are largely over. Still, one provider group, physicians in private practice, could be restive and have reason to fear reform.

Insofar as they favor tight coordination among specialists and primary-care doctors, the Affordable Care Act and the new payment schemes could be seen as more easily applied to organizations such as health systems that employ doctors than to independently practicing physicians.

Executive Director Nancy Adams of the Monroe County Medical Society, which is largely made up of doctors in private practice, does not foresee them being phased out locally.

And while in the past they have "experienced significant problems with Excellus," she sees Booth as ready to give them a fair shake.

"I've been pleased to get to know Chris over the past few years," Adams says.

In past dealings with Excellus, she says, private practice doctors, most of whom are dependent on the insurer for big chunks of revenue, often saw themselves as "in a relationship that I've compared to a battered spouse."

Claiming that Excellus cheated its members out of fees, the Rochester Community Individual Practice Association sued the insurer in 1999. The Blues settled after a 10-year battle, paying the doctors more than \$50 million. But hard feelings persisted and new tensions surfaced.

Some two years ago, when Excellus enacted rules demanding prior authorizations for radiology studies, doctors stridently objected and complained that the third-party screener Excellus had hired was causing unneeded and sometimes dangerous delays.

More recently, Adams says, area prac-

tices have seen frustrating payment delays and glitches in medication authorizations as Excellus has revamped its computer systems over several months. While they are decreasing, problems still are cropping up, she says.

As COO, Booth oversaw of the change-over. But rather than assailing him, Adams praises Booth's handling of the matter.

"Physicians are still very frustrated," she says. "But Chris took ownership."

A difference between Booth and his predecessors as Excellus CEO is that Booth has had more direct experience with the

provider side of health care. Berman and Klein are lauded as intelligent men with a deep understanding of U.S. health care. Still, both have worked only on the private payer side and only as Blues functionaries.

Booth never worked for a health care organization until he joined Excellus. But as an attorney, he represented hospitals, health systems and a physician organization as well as insurers.

Cleary, who also worked closely with Berman and Klein, notes a stylistic difference between Booth and his predecessors. While Klein and Berman could be collab-

orative, they could also be confrontational.

Berman, for example, habitually spars with people as a test to make sure that whoever he might be dealing with is worth the time.

"He'll challenge you," Cleary says. "To get along with Howard, you've got to meet the challenge."

While Booth is as brilliant an analyst and as competent a manager and can puzzle out a workable solution to virtually any problem, the word that perhaps best describes him, Cleary says, is unassuming.

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