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Bottom Line - Andrew S. Ross

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Bottom Line: A different type of health insurer

Andrew S. Ross

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Martin Watson wants you to know he's not a "villain," like other insurance company leaders have been referred to lately. As the CEO of **SeeChange Health**, a San Francisco startup, he's about fixing what traditional health insurers have "screwed up," he says.

To prove it, the former **Aetna** and **UnitedHealthCare** executive in a couple weeks is starting California's first new health insurance company in 20 years. It won't be modeled on what he describes as the standard insurance company approach: "We don't want you to call, and we don't want you to claim."

Starting in Fresno and coming early next year to San Francisco and Los Angeles, SeeChange Health is looking to sign up individuals and small businesses for plans that focus primarily on what most traditional insurers don't - preventive medicine and quicker care. For example, members would be encouraged to visit their doctors sooner rather than later to catch and treat potentially serious and chronic conditions, like diabetes, before they become - as is often the case now - far harder and more expensive to deal with.

Similar to the incentive program for its employees established by Pleasanton's **Safeway Inc.**, the plan's "value-based benefits" offer discounted premiums, co-pay waivers and lower deductibles for members who undergo annual health screenings and comply with preventive and "condition-specific" guidelines, like changing-diet, no-smoking and take-your-Lipitor recommendations.

The company, backed by a \$40 million investment from **Psilos Group Managers LLC.**, a health care private-equity fund, intends to enroll a half-million members in California. "We're not competing with Blue Cross," says Watson. In Fresno, SeeChange Health (www.seechangehealth.com <<http://www.seechangehealth.com/>>) has signed up **Community Medical Centers** as its hospital partner, and **Santé Community Physicians** for its physician network. Watson is negotiating with hospitals and physician networks in San Francisco.

He's confident "the timing is right for a new entrant to come in with a new model that can disrupt the marketplace.

"Obama keeps talking about preventive care, which is exactly what we're offering."