

Ex-Health Net chief starts health savings plan firm

BY CHRIS RAUBER

crauber@bizjournals.com

Cora Tellez, a Bay Area health-care veteran who most recently served as president and CEO at Health Net of California, has resurfaced after a two-year hiatus as chief executive of an East Bay startup focusing on individual health savings accounts, or HSAs.

Tellez, 54, left Woodland Hills-based Health Net Inc. in late April 2002 after a 3 1/2-year stint, and was credited by company officials with turning around the health plan's California operations. Since then, she's spent time with her family, served on a number of nonprofit boards, and considered several business opportunities. "I thought I was retired," she said.

Instead, Tellez was energized by the debate in Congress last fall over the Medicare Prescription Drug Act, which ended up authorizing health-insurance companies to offer HSAs — a kind of 401(k) plan for health care. She incorporated Lafayette-based Sterling HSA in early February, taking advantage of the new Medicare law's HSA provisions, which took effect Jan. 1. The plans are portable from one job to the next and can be offered as a pre-tax option to employees through cafeteria plans.

"This is going to be a very rapidly growing way of funding health care and a very exciting product line," said Glenn Smith, senior director at Craford Benefit Consultants, predicting that many smaller employers will dump traditional health coverage in favor of high-deductible plans like HSAs.

Tellez said Sterling HSA works through insurance brokers to provide an add-on product to insurance companies that sell HSA-eligible products. Its customers include employers and individuals. As of late April, both Blue Cross of California and Blue Shield of California are offering HSA-compatible products, Tellez said, and Health Net, PacifiCare and Kaiser Permanente are in the process of developing them.



SPENCER BROWN

TELLEZ: "I thought I was retired."

Along with Health Net, where she also served as president of its national health plans division, Tellez has held senior-level executive roles with Blue Shield of California, Prudential Health Care of California, and Kaiser.

Tellez is partnering with long-time associate Kevin Woodard on the new venture. Sterling is also working with First Republic Bank and the investment firm A.G. Edwards, which is providing investment and brokerage services.

Smith believes the nascent firm will also need to form partnerships with major insurers to be successful. "She needs to develop a distribution system," he said. "But I certainly have confidence in her. She has an excellent track record."

Chris Rauber covers health care for the San Francisco Business Times. ■