



FOR IMMEDIATE RELEASE

February 13, 2008

AMA COMMENDS N.Y. INVESTIGATION OF HEALTH INSURERS

Remarks delivered today at a press conference hosted by New York Attorney General Andrew Cuomo to announce a suit against UnitedHealth Group, and a probe of 16 national health insurers regarding an alleged scheme to defraud consumers.

Statement attributable to:

Nancy H. Nielsen, M.D., Ph.D.
AMA President-elect

“The investigation launched today by New York Attorney General Andrew Cuomo calls into question the validity of a system that health insurers have used for years to reimburse physicians and their enrolled members.

“UnitedHealth Group and other health insurers have shortchanged tens of millions of patients who agreed to pay higher premiums for access to their choice of physicians from outside a health insurer’s network.

“These patients have a right to expect fair and accurate payment for services promised by health insurers. But at issue could be billions of dollars that health insurers have pocketed by paying treatment costs at less than what was promised.

“One way health insurers determine how much they will pay for medical services is by calculating the UCR -- a term that refers to "usual, customary, and reasonable" charges. As the name implies, these charges are essentially the "going rate" that physicians charge for their services in a given market.

“Instead of determining UCR amounts in a fair and evenhanded manner, UnitedHealth uses data that we contend pervasively understates UCR amounts. Unfortunately, there is no reason to think this is an isolated situation. In fact, the circumstances suggest that the practice of using skewed UCR amounts is widespread in the health insurance industry.

“By controlling and manipulating UCR calculations, health insurers can keep reimbursements artificially low. Health insurers have profited from skewed UCR data, while forcing patients to absorb a higher share of the costs passed on by the insurers. Patients who challenge the costs assigned by the insurer are met with a brick wall of secrecy. This effort to conceal the payment process ensures that patients and physicians don't have the necessary information to hold UnitedHealth accountable to its payment obligations.

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“Despite repeated requests from patients and physicians, UnitedHealth Group has refused to specify how UCR amounts are determined. We believe UnitedHealth’s UCR calculations can’t withstand close scrutiny because they rely on flawed data and invalid statistical methods.

“In an era of increasing health care transparency, it is shocking and unacceptable for a health insurer to profit from deliberately withholding information from patients and physicians. The shroud of secrecy covering UnitedHealth’s entire payment process must be lifted. There is no legitimate policy rationale behind the health insurer’s refusal to provide information to physicians and patients. It serves only as a means for health plans to increase profits by keeping patients and physicians in the dark.

“This is one more example of UnitedHealth playing by its own rules without regard to state laws designed to protect patients and physicians. UnitedHealth has developed a track record of regulatory violations stretching from Monterey to Montauk.

“The state of California is seeking up to \$1.3 billion in fines from UnitedHealth for more than 130,000 violations of state law. New York state officials took the unprecedented step of banning UnitedHealth from enrolling any new HMO customers in 2006 after the insurer repeatedly defied state regulations.

“The AMA greatly appreciates the Attorney General’s interest and leadership in protecting consumers, and we offer our full cooperation in any effort to hold UnitedHealth accountable to New York state laws.”

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