

HEALTH CARE FOR AMERICA NOW!

For Immediate Release
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“Health Care for America Now” Tells Insurance Industry: Stop Putting Profits Before Our Health

*HCAN releases report “Insuring Health or Ensuring Profits?”
outside the local office of United Healthcare, Maryland’s #1 for-profit insurer*

Owings Mills, MD -- Health Care for America Now, the new \$40 million national campaign for quality, affordable health care for all, today released a revealing report about excessive profits, outrageous executive salaries, and abusive practices in the health insurance industry. The report was released at a press conference held outside the Baltimore area office of United Healthcare in Owings Mills. United Healthcare is the #1 for-profit insurer in Maryland, controlling 27% of the health insurance market in 2004.

Among the report’s findings:

- In 2007, UnitedHealth Group was the most profitable of the nation’s health insurers, with net income of nearly \$4.65 billion, nearly triple the company’s 2003 profit figure of \$1.66 billion.
- From 2003 to 2007, the nation’s major health insurance companies saw their profits skyrocket from \$4.7 billion to \$12.6 billion – a 168% increase.
- In Maryland, where United purchased Mid-Atlantic Medical Services (MAMSI) in 2004, the company has been subject to hundreds of thousands of dollars in fines by the Maryland Insurance Commission for illegal denials of claims and other abusive practices.
- United has paid millions in penalties for similar violations in other states, including Texas, California, and New York.
- Nationally, United was publicly exposed two years ago for excessive executive pay, including over \$1 billion in stock options to its then-CEO

Mathew Weinstein, state coordinator of Health Care for America Now and federal issues director for Progressive Maryland, commented, “Why can’t United focus more on getting us the health care we need and less on profits and executive bonuses? Here in Maryland, Carefirst-Blue Cross-Blue Shield has agreed to spend \$4 million a year to close the “donut hole” in Medicare’s prescription drug coverage for lower-income seniors; Kaiser has a unionized workforce of fairly-compensated employees represented by the United Food and Commercial Workers; and even for-profit giant Aetna is spending tens of thousands of dollars to assist the efforts of Howard County to achieve universal access to health care in that county. But United is willing to put its shareholders and executives ahead of their own workers and the health of our communities.”

Moe Said, President of AFSCME Local 539 at Springfield Hospital: “Everyday, I see the need for all Americans to have quality, affordable health care, including mental health services. We see many people who never had any health insurance. Wouldn’t it be better for a person to get health care – including mental health care – when they first need it? Instead, many people do not get any type of health services until they are in need of a hospital. In Maryland, we all share the costs of paying for

individuals getting hospital care without health insurance. This is one of the things that increase the bills for all of us.”

“In 2009, we will either have a guarantee of quality, affordable health care we all can count on or we will continue to be at the mercy of the private health insurance industry that is charging us more, giving us less and putting company profits before our health,” said Delores Cheatham, a leader of Maryland ACORN.

Added Ezekiel Jackson, Political Organizer with 1199-SEIU United Healthcare Workers East, “Here in Maryland and in communities all across the country, we’re asking one question, ‘Which side are you on?’ Are you on the side of quality, affordable health care for all? Or are you on the side of being left alone to fend for yourself in a complicated, bureaucratic insurance market?”

According to the Baltimore Sun last week, “The number of Marylanders without health insurance showed a decrease small enough to be considered statistically insignificant. Last year, 762,000 people didn't have health insurance, or 13.7 percent of the population, compared with 776,000 in 2006, or 13.8 percent of Marylanders.” According to the U.S. Census Bureau last week, 45.7 million Americans were uninsured last year, compared to 38.4 million in 2000, a 19% increase.

The press conference is part of the Health Care for America Now campaign which is holding similar events in nearly every state in the coming months to highlight the need for quality, affordable health care for all. Health Care for America Now is an unprecedented coalition of hundreds of organizations led by ACORN, AFSCME, Americans United for Change, Campaign for America's Future, Center for American Progress Action Fund, Center for Community Change, MoveOn.org, National Council of La Raza, National Education Association, National Women's Law Center, Planned Parenthood Federation of America, Service Employees International Union (SEIU), United Food and Commercial Workers, and USAction. Progressive Maryland is the Maryland state coordinator of Health Care for America Now. For more information visit www.HealthCareForAmericaNow.org.

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Maryland

Sources include: Failing Grades (Families USA, 2008), Facts about Prior Approval (Families USA, 2008), Georgetown University Health Policy Institute (healthinsuranceinfo.net and statehealthfacts.org); naic.org; and consultation with the state insurance agency.

Prepared by the Northwest Federation of Community Organizations.

<p>Parent Companies & Subsidiaries</p>	<p>Parent: CareFirst Inc Group</p> <ul style="list-style-type: none"> • CareFirst of Maryland Inc <p>Parent: UnitedHealth Group</p> <ul style="list-style-type: none"> • United Healthcare Mid-Atlantic Inc • MAMSI
<p>State Insurance Rules</p>	<p>Availability of coverage:</p> <ul style="list-style-type: none"> • Insurance companies can reject applicants in the individual market based on health status and other factors. (State has a high risk pool). • Small groups cannot be turned down based on health status or other factors. <p>Premiums:</p> <ul style="list-style-type: none"> • In the individual market, insurers can charge higher premiums based on health status, age, and other factors. • In the small group market, insurers can charge higher premiums based on age, family size, and geography, but not health status. • State regulators review rates and premium increases before insurers can charge them in both individual and small group markets. • No requirement that at least 75% of premiums to be spent on health care in the individual market. <p>Preexisting Conditions:</p> <ul style="list-style-type: none"> • Insurers can exclude coverage for a pre-existing condition for more than 12 months in the individual market and are not allowed to exclude in the small group market. <p>Protections after Purchase:</p> <ul style="list-style-type: none"> • Reviews insurers' requests to revoke coverage only if there is a complaint. • State's external review program is available to consumers in all state-licensed health plans for any denial of claims.

2008 Orders:

Coventry consent agreement and fine of \$125,000 for multiple violations (not explained in order):
<http://www.mdinsurance.state.md.us/sa/documents/MIA-2008-03-023-MAMSI.pdf>

MAMSI consent agreement and \$50,000 fine for improperly denying claims based on requiring enrollees to show they had reached out-of-pocket maximum:
<http://www.mdinsurance.state.md.us/sa/documents/MIA-2008-03-023-MAMSI.pdf>.

2007 Orders:

Carefirst cited for charging some small businesses above and some small businesses below approved rates (due to actions of a group of agents not explained here).
<http://www.mdinsurance.state.md.us/sa/documents/MIA-2007-12-018-CareFirst-Hofmann.pdf>

CareFirst consent agreement and fine of \$125,000 for multiple violations (not explained in order):
<http://www.mdinsurance.state.md.us/sa/documents/MIA-2007-09-039-CareFirst.pdf>

CareFirst consent agreement based on raising premiums based on age on first day of birth month rather than birthday contrary to contract (\$25,000 fine).
<http://www.mdinsurance.state.md.us/sa/documents/MIA-2007-04-002-CareFirst.pdf>

Kaiser Foundation Health Plan of MD consent agreement and fine of \$100,000 for multiple violations (not explained in order)
<http://www.mdinsurance.state.md.us/sa/documents/MIA-2007-01-025-Kaiser.pdf>

For earlier orders:

Go to <http://www.mdinsurance.state.md.us>, insurer services, producer enforcement summary, regulatory compliance (life and health insurance companies)

Market conduct exams associated with these orders available on website, for example:

Coventry (multiple issues related to processing claims, giving timely notification of decisions, etc.):
<http://www.mdinsurance.state.md.us/sa/documents/Coventry1-7-08.pdf>

CareFirst (multiple issues related to improper denial of claims and delay in paying claims):
<http://www.mdinsurance.state.md.us/sa/documents/CareFirst09-25->

Data on Claims Denial, Reasons, and Ultimate Outcome	Insurance commissioner's office believes they exist, but doesn't know where to look.
Premium Rates in Individual and Group Markets	File-and-use state, therefore they do not have a process by which rates are approved.
# of People Charged Above and Below Standard Rates	File & use. Available from the Rates & Forms Office: (410) 468-2125
Complaint Records	Recorded, but insurance commissioner's office isn't sure where to find them. Carefirst of Maryland: 566 United Healthcare: 201
# of Applicants Rejected for Coverage and Reason	Insurance commissioner's office isn't sure where to find them.
Other information	Order on CareFirst's William Jews' termination pay (proposed nearly \$18 million): http://www.mdinsurance.state.md.us/sa/documents/MIA-2007-10-027-CareFirstFinalOrderall07-08.pdf

United Health Care fines in Maryland
for illegal claim denials and other violations of law

Year	Amount	Source document
2008	\$50,000	http://www.mdinsurance.state.md.us/sa/documents/MIA-2008-03-023-MAMSI.pdf .
2006	\$125,000	http://www.mdinsurance.state.md.us/sa/documents/MIA-2006-02-019-UHC-MAMSI.pdf
2005	\$125,000	http://www.mdinsurance.state.md.us/sa/documents/MIA-2005-01-008-MAMSI.pdf
2003	\$125,000	http://www.mdinsurance.state.md.us/sa/documents/MIA-2003-05-040-UnitedHealthcare.pdf
2002	\$20,000	http://www.mdinsurance.state.md.us/sa/documents/MIA-277-6-02MAMSI.pdf

Links to media items about United Health Insurance

New York Times article October 16, 2006:

“Chief Executive at Health Insurer Is Forced Out in Options Inquiry”

<http://www.nytimes.com/2006/10/16/business/16united.html>

Excerpt: “Dr. William W. McGuire, a medical entrepreneur who built the UnitedHealth Group into a colossus in its field, was forced to resign from the company yesterday and to give up a portion of the \$1.1 billion he holds in harshly criticized stock options... Dr. McGuire, an internist and lung specialist, will not leave empty-handed: he will still take home hundreds of millions of dollars from stock options. Over his 18 years at UnitedHealth, he banked more than a half billion dollars. UnitedHealth said last night that it was still negotiating whether he would receive a \$5.1 million a year pension, which is called for in his employment contract.”

New York Times editorial February 18, 2008:

“A Rip-Off by Health Insurers?”

<http://www.nytimes.com/2008/02/18/opinion/18mon1.html>

Excerpt: “The numbers are mainly compiled by an obscure company known as Ingenix, which — as it turns out — is owned by UnitedHealth Group, one of the nation’s largest health insurers. Ingenix collects billing information from UnitedHealth and other health care payers to compile a database that is then used by the insurers to determine out-of-network reimbursement rates. This system is an invitation for abuse. UnitedHealth owns the company whose database will affect its costs and profitability, so both have a strong financial interest in keeping reimbursement rates low.”

American Medical Association News article May 19, 2008:

“Health plans say they’ll risk losing members to protect profit margins”

<http://www.ama-assn.org/amednews/2008/05/19/bil10519.htm>

Excerpt: “United CEO Stephen Hemsley told investors: “We continue to protect our margins. ... We are committed to sustaining a quality business without taking shortsighted pricing positions.” He spoke after United’s stock dropped 11.5% in a day when it reported earnings of 78 cents per share -- up 12 cents over last year, but falling short of analysts’ estimate of 80 cents.”