

KATIE PORTER  
45TH DISTRICT, CALIFORNIA

FINANCIAL SERVICES COMMITTEE

SUBCOMMITTEE ON  
INVESTOR PROTECTION, ENTREPRENEURSHIP,  
AND CAPITAL MARKETS

SUBCOMMITTEE ON  
CONSUMER PROTECTION AND  
FINANCIAL SERVICES



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May 27, 2020

David S. Wichmann  
Chief Executive Officer  
UnitedHealth Group  
P.O. Box 1459  
Minneapolis, MN 55440-1459

Dear Mr. Wichmann,

I write to you today alarmed by reports regarding decisions UnitedHealth Group has undertaken to reduce health care provider networks and decrease reimbursement rates. These actions threaten patients' ability to get the care and coverage they paid for. With such mid-year changes to provider networks, you are increasing the likelihood that a patient will receive a surprise bill for care during the pandemic. This decision, made in order to increase your company's profits during the greatest challenge to our country and our health care system in recent history, is a violation of the responsibility you have to the patients you have committed to serve.

While industries nationwide face an unexpected and unprecedented downturn, big health insurance companies, like yours, remain strong. Thus far, annual earnings are expected to be on track for predictions for 2020. As hospitals and other providers have cancelled elective and non-urgent procedures, insurance claims have decreased. Patients are putting off any health care that isn't essential, but their monthly premiums remain the same.

Financial reports show an industry that's as strong as ever: On April 15, 2020, UnitedHealth released its earnings report, the first in the insurance industry to do so, for the first quarter (Q1) of 2020. Total revenue rose 6.8% to \$64.42 billion, beating Street estimates of \$64.32 billion.<sup>1</sup> In its Q1 earnings report, UnitedHealth stated that, "it continues to expect adjusted net earnings of \$16.25 to \$16.55 per share for the year, the mid-point of which is above analysts' estimate of \$16.22"<sup>2</sup> UnitedHealth does not predict that projected earnings will drop in 2020, even as the pandemic continues to ravage other businesses.<sup>3</sup> Zacks Equity Research continues to consider UnitedHealth Group, Anthem, Cigna, Humana, and Molina Healthcare as posed for continued year-over-year growth.<sup>4</sup> In 2019, the top 7 executives at UnitedHealth

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<sup>1</sup> UnitedHealth beats quarterly profit on strength across its businesses, *CNBC*, Retrieved at: <https://www.cnn.com/2020/04/15/unitedhealth-unh-earnings-q1-2020.html>

<sup>2</sup> *CNBC*, as cited.

<sup>3</sup> 3 Things You'll Like About UnitedHealth Group's Q-1 Results, Nasdaq, Retrieved at: <https://www.nasdaq.com/articles/3-things-youll-like-about-unitedhealth-groups-q1-results-2020-04-15>

<sup>4</sup> The Zacks Analyst Blog Highlights: Molina Healthcare, Cigna, UnitedHealth, Anthem and Humana, Nasdaq, Retrieved at: <https://www.nasdaq.com/articles/the-zacks-analyst-blog-highlights%3A-molina-healthcare-cigna-unitedhealth-anthem-and-humana>

Group made \$169.2 million in 2019.<sup>5</sup> UnitedHealthcare, UnitedHealth Group's insurance arm and the nation's largest private payer, reported revenue of \$48.3 billion, up 4.4%.<sup>6</sup> In total, UnitedHealth reported revenue of \$242 billion and profit of \$13.8 billion in the year, up 7% and 15.5% from 2018, respectively.<sup>7</sup>

Amidst these robust earnings, your company has taken actions which threaten the wellbeing of our patients, physicians, and other health care providers. Physicians shared with our office a notice sent to them in late 2019 terminating them from the network.<sup>8</sup> I spoke with the group, which is physician-owned and operated. I asked if they had received significant reimbursement rate increases in recent years, and they informed me that they had not received a reimbursement rate increase in 4 years. Further, when they asked if United's actions to remove them from the provider network could be placed on hold due to the pandemic, United refused.

These actions may reduce your costs, but they will likely increase the number of surprise bills patients face during and after the pandemic. As a lifelong consumer advocate, I know how financially devastating these can be. Unfortunately, the Administration has so far failed to safeguard against disastrous medical costs for those diagnosed with COVID-19. Testing is now supposed to be free, following Congressional action to cement a promise made by the Centers for Disease Control and Protection, but treatment and vaccinations are not. If an individual were to go to the hospital with coronavirus symptoms, they would likely owe at least \$1,331,<sup>9</sup> and that's assuming they aren't kept at the hospital which would balloon those costs. Already we're seeing the total sums of extensive care: for one family the cost was nearly \$4,000,<sup>10</sup> for another it was \$34,927.<sup>11</sup> There will be thousands, if not millions, more of these stories in the months to come, and for many of these families, this debt will be impossible to pay off. We live in a world where 40% of Americans cannot even afford a \$400 unexpected expense, let alone tens of thousands of dollars of care.<sup>12</sup>

In light of this information, I ask that you respond to the following questions by June 3, 2020:

1. How many providers have you removed from your network from January 1, 2019 through today? Similarly, how many providers have you removed from your network from January 1, 2020 through today?
2. What criteria have you used to determine which providers will be removed from your network? Are the providers you've chosen to cut rates for primarily those in physician-owned groups?
3. Had the providers you chose to remove renegotiated increased reimbursement rates in the last three plan years, and if so, how much had their reimbursement rates increased by?

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<sup>5</sup> UnitedHealth Group Incorporated Schedule 14A, Securities and Exchange Commission, Retrieved at: <https://www.sec.gov/Archives/edgar/data/731766/000104746920002403/a2241322zdef14a.htm>

<sup>6</sup> UnitedHealth Group saw additional profits from the health services segment Optum of \$29.8 billion in revenue in the quarter, up more than 8% year over year.

<sup>7</sup> UnitedHealth Reports Nearly \$14B in 2019 Profits, HealthcareDive, Retrieved at: <https://www.healthcaredive.com/news/unitedhealth-reports-nearly-14b-in-2019-profit/570474/>

<sup>8</sup> See pages 4-6.

<sup>9</sup> Coronavirus Testing Is Free, but the Hospital Trip May Set You Back Thousands. *Business Insider*, Feb.29 2020, at: [www.businessinsider.com/how-much-does-coronavirus-treatment-cost-cdc-health-insurance-2020-2](http://www.businessinsider.com/how-much-does-coronavirus-treatment-cost-cdc-health-insurance-2020-2).

<sup>10</sup> Kept at the Hospital on Coronavirus Fears, Now Facing Large Medical Bills. *New York Times*, March 10, 2020 at: <https://www.nytimes.com/2020/02/29/upshot/coronavirus-surprise-medical-bills.html>

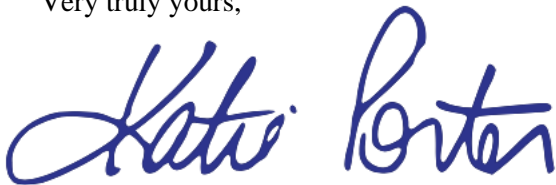
<sup>11</sup> Total Cost of her COVID-19 Treatment: \$34,927.43. *Time*, March 19, 2020, at: <https://time.com/5806312/coronavirus-treatment-cost/?fbclid=IwAR3XJtJNEUwypobgHs0ogQl5CTtARbV6DAKtDvwl2F5hCXww9llqGrAJJfk>

<sup>12</sup> 40% of Americans can't cover a \$400 emergency expense. *CNN Money*, May 22, 2018 at: <https://money.cnn.com/2018/05/22/pf/emergency-expenses-household-finances/index.html>

4. If providers have asked that they remain in-network through the duration of the COVID-19 pandemic, have you accepted this request, and if not, why?
5. Why have you determined that 50-60% reduction rates are the appropriate amount by which to reduce rates? Do these changes reduce the cost of care, and if so, exactly how have you passed these savings on to beneficiaries?
6. In states like California that have network adequacy requirements, can you demonstrate that, even with these cuts, you are still meeting the requirements for that physician's specialty in each given area?

I thank you in advance for your quick and thorough reply. I hope that we can all agree on the need to work together now to ensure that patients can get affordable care from a trusted, in-network health care provider.

Very truly yours,



KATIE PORTER  
Member of Congress



December 16, 2019

[Redacted]

*Via Electronic Mail and Certified Mail, Return Receipt Requested*

[Redacted]

**Re: Notice of Termination**

Dear Dr. [Redacted]

This letter serves as notice of termination in accordance with Section 9.2 (ii) of the Medical Group Participation Agreement between UnitedHealthcare Insurance Company, contracting on behalf of itself, United Healthcare of [Redacted] Inc. and the other entities that are United's Affiliates (collectively referred to as "United") and [Redacted] (the "Agreement"). The Agreement will terminate on 11:59 PM 04/14/2020.

We will inform the applicable state agencies, our members, customers, and participating providers (including hospitals at which you render services) of the upcoming change in your network status with United in accordance with any applicable regulations and customer requirements.

While our Agreement will terminate on 4/14/2020, United values its relationship with you and remains open to negotiating a mutually agreeable participation agreement with competitive rates that would allow [Redacted] to continue as an in-network provider with United.

I have emailed this letter along with a proposal for your consideration. I am available to discuss this proposal at your convenience. We look forward to completing this negotiation so [Redacted] will continue to be a valued provider in United's network.

Should you have any questions or would like to discuss further, please contact me at [Redacted] or [Redacted]

Sincerely,

[Redacted Signature]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Dear [REDACTED]:

Over the last few days our country has started to come to grips with what could be the worst health crisis in recent memory. Closings, social distancing and other significant actions are being put into place in order to try and stem the tide of this virus and hopefully avoid having our health care delivery system overwhelmed like that of Italy.

The physicians at [REDACTED] are first and foremost care givers and we are working with our partner hospitals to help with this crisis any we can. As we navigate these uncharted waters it seems to us that the last thing anyone should be worried about is having a health care service paid under out of network benefits and then be subject to balance billing. Many of our patients are going to experience a significant economic hardship because of this virus and the last thing they need is another unexpected bill.

Because of this, the physicians at [REDACTED] would ask that UHC consider re-instating our previous contract for at least 90 days so that everyone can get through this crisis. If the crisis is not over in 90 days, we could consider another extension.

Please let me know how you want to proceed.

It is our hope that this action will show our patients and your members that we are all committed to doing what is right.

Respectfully,

[REDACTED]

[REDACTED]

Your request for us to reinstate your agreement for sixty days was escalated to my leadership team. We are open to working together to quickly come up with a new agreement, but we aren't in a position to reinstate the prior agreement and rates.

You have our proposal from [REDACTED]. If there is an alternative proposal you would like us to consider, we would encourage you to send it so that we can review and consider it.

Regards,

[REDACTED]