

N.Y. State to Sue Insurers on Expense-Data Fraud

BY MARY ELLEN SCHNEIDER
New York Bureau

Following a 6-month initial investigation, New York Attorney General Andrew Cuomo announced plans to file suit against UnitedHealth Group and four of its subsidiaries for allegedly systematically underpaying consumers for their out-of-network medical expenses.

The attorney general claimed that UnitedHealth Group used faulty data from one of its subsidiaries, the billing information company Ingenix Inc., which resulted in the underestimation of "usual, customary, and reasonable" rates for a range of out-of-network medical expenses and then provided unreasonably low reimbursement to consumers.

The investigation is ongoing and the attorney general's office has issued subpoenas to 16 other

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health insurance companies who use the Ingenix database. The subpoenas will seek documents that show how the companies calculate reasonable and customary rates, as well as copies of member complaints and appeals, and communications with Ingenix.

The investigation has national implications since five of the nation's largest health insurance companies rely on data from Ingenix, according to the attorney general.

UnitedHealth Group has denied that there are problems with the reference data used by Ingenix, which is "rigorously developed, geographically specific, comprehensive and organized using a transparent methodology," according to a company statement. The insurer says it is in discussions with attorney general's office and plans to cooperate fully.

Ingenix owns a database of billing information that many health insurers use to determine how much to reimburse consumers who go out of network for care. But the attorney general's preliminary investigation found that the Ingenix data are provided by insurers with a vested interest in keeping the rates low and that there is no auditing of the data that come in, Linda Lacewell, head of the attorney general's Health Care Industry Task Force, said at a press conference to announce the industry-wide investigation.

The database also doesn't take into account whether a service was provided by a physician or a non-physician provider, a factor that would affect the price, Ms. Lacewell said. "Our investigation has revealed that Ingenix is nothing more than a conduit for rigged information that is defrauding consumers of their right to fair payment," she said at the press conference.

About 70% of insured Americans pay higher premiums for the right to go out of their insurer's network for care. In exchange, the insurer typically promises to

pay about 80% of the usual, customary, and reasonable rate. The consumer then is responsible for the balance of the bill.

But the attorney general says UnitedHealth Group subscribers haven't been getting what they paid for when going out of network. For example, for a 15-minute office visit in which most physicians charged \$200, United told subscribers that the typical cost was \$77 and agreed to pay only \$62, leaving consumers to pay the remainder of the \$138 bill. "This is not news

to us," Dr. Nancy H. Nielsen, president-elect of the American Medical Association, said at the press conference.

In fact, the charges made by the attorney general are the same as those made by the AMA in an ongoing class action lawsuit it filed against UnitedHealth Group in 2000, which alleges that the insurer has been understating their calculation of usual, customary, and reasonable charges in payments to physicians and when reimbursing patients for out-of-network services.

While consumers are the ones responsible for paying the balance of these bills, it also can create a contentious situation for the physician, Dr. Robert B. Goldberg, president of the Medical Society of the State of New York, said at the press conference. When patients receive an underpayment from their insurers, it's usually the physician's bill that they challenge, he said, since the information from the insurer makes it appear that the doctor has overcharged for the service. ■

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