

ATTORNEY GENERAL CUOMO ANNOUNCES HISTORIC NATIONWIDE HEALTH INSURANCE REFORM; ENDS PRACTICE OF MANIPULATING RATES TO OVERCHARGE PATIENTS BY HUNDREDS OF MILLIONS OF DOLLARS

Industry-Wide Reform of Reimbursement System Will End Conflicts of Interest and Create Fair Rates for Consumers Nationwide

NEW YORK, NY (January 13, 2009) – Attorney General Andrew M. Cuomo today announced historic reform of the nationwide health care reimbursement system that will end conflicts of interest and generate fair reimbursement rates for working families nationwide. Cuomo has reached an agreement with UnitedHealth Group Inc. (NYSE: UNH) ("United"), the nation's second largest health insurer, after conducting an industry-wide investigation into a scheme to defraud consumers by manipulating reimbursement rates.

At the center of the scheme is Ingenix, Inc. ("Ingenix"), a wholly-owned subsidiary of United, which is the nation's largest provider of health care billing information. Under the agreement with United, the database of billing information operated by Ingenix will close. United will pay \$50 million to a qualified nonprofit organization that will establish a new, independent database to help determine fair out-of-network reimbursement rates for consumers throughout the United States.

"For the past ten years, American patients have suffered from unfair reimbursements for critical medical services due to a conflict-ridden system that has been owned, operated, and manipulated by the health insurance industry. This agreement marks the end of that flawed system," said Attorney General Cuomo. "As working families throughout our nation struggle with the burden of health care costs, we will make sure that health insurers keep their promise to pay their fair share. The industry reforms that we announce today will bring crucial accuracy, transparency, and independence to a broken system. During these tough economic times, this agreement will keep hundreds of millions of dollars in the pockets of over one hundred million Americans."

In February 2008, the Attorney General announced an industry-wide investigation into allegations that health insurers unfairly saddle consumers with too much of the cost of out-of-network health care. Seventy percent of insured working Americans pay higher premiums for insurance plans that allow them to use out-of-network doctors. In exchange, insurers often promise to cover up to eighty percent of the "usual and customary" rate of the out-of-network expenses, and consumers are responsible for paying the balance of the bill.

United and the largest health insurers in the country rely on the United-owned Ingenix database to determine their "usual and customary" rates. The Ingenix database uses the insurers' billing information to calculate "usual and customary" rates for individual claims by assessing how much the same, or similar, medical services would typically cost, generally taking into account the type of service and geographical location. Under this system, insurers control reimbursement rates that are supposed to fairly reflect the market.

Attorney General Cuomo's investigation concerned allegations that the Ingenix database intentionally skewed "usual and customary" rates downward through faulty data collection, poor pooling procedures, and the lack of audits. That means many consumers were forced to pay more than they should have. The investigation found the rate of underpayment by insurers ranged from ten to twenty-eight percent for various medical services across the state. The Attorney General found that having a health insurer determine the "usual and

customary" rate – a large portion of which the insurer then reimburses – creates an incentive for the insurer to manipulate the rate downward. The creation of a new database, independently maintained by a nonprofit organization, is designed to remove this conflict of interest.

Under Attorney General Cuomo's agreement with United:

- United will pay \$50 million to establish a new, independent database run by a qualified nonprofit organization;
- The nonprofit will own and operate the new database, and will be the sole arbiter and decision-maker with respect to all data contribution protocols and all other methodologies used in connection with the database;
- The nonprofit will develop a website where, for the first time, consumers around the country can find out in advance how much they may be reimbursed for common out-of-network medical services in their area;
- The nonprofit will make rate information from the database available to health insurers;
- The nonprofit will use the new database to conduct academic research to help improve the health care system;
- The nonprofit will be selected and announced at a future date.

In February 2008, Cuomo also announced that he had issued subpoenas to the nation's largest health insurance companies that use the Ingenix database, including Aetna (NYSE: AET), CIGNA (NYSE: CI), and WellPoint/Empire BlueCross BlueShield (NYSE: WLP). The Attorney General's industry-wide investigation is ongoing.

Cuomo continued, "Our agreement with United removes the conflicts of interest that have been inherent in the consumer reimbursement system. This has been an industry-wide problem, and it demands an industry-wide reform. We commend United for leading the industry on this issue, and we encourage other insurers to follow suit."

Cuomo was joined by representatives from United and from leading medical and consumer organizations in making today's announcement at the Saint Vincent Catholic Medical Center in Manhattan.

"We are committed to increasing the amount of useful information available in the health care marketplace so that people can make informed decisions, and this agreement is consistent with that approach and philosophy," said Thomas L. Strickland, Executive Vice President and Chief Legal Officer of UnitedHealth Group. "We are pleased that a not-for-profit entity will play this important role for the marketplace."

President of the American Medical Association (AMA), Nancy Nielsen, M.D., said, "Today, patients and physicians prevailed over health insurance giant UnitedHealth Group when New York Attorney General Cuomo stopped the insurer from using a rigged Ingenix database that increased insurer profits at the expense of patients and physicians. The AMA appreciates the leadership of Attorney General Cuomo in initiating his investigation into the Ingenix database, and fully supports the Attorney General's actions to have a nonprofit entity create a new, reliable database that is fair to patients and physicians."

President of the Medical Society of the State of New York (MSSNY) Michael H. Rosenberg, M.D., said, "We thank Attorney General Cuomo for taking decisive action to finally achieve one of the major goals of a lawsuit that the Medical Society of the State of New York

initiated with two other medical societies over eight years ago. Because of the thorough research and diligent negotiation of Mr. Cuomo and his expert staff, patients and their physicians will no longer be subject to inadequate out-of-network payments determined by the flawed Ingenix database."

Consumers Union Programs Director Chuck Bell said, "Consumers Union greatly appreciates the care that Attorney General Cuomo and his staff have taken in investigating these issues, and creating the careful architecture in this settlement. This is an extremely sensible, fair solution, which will be of great benefit for consumers nationwide. We appreciate the fact that United Healthcare has come to the table to resolve these issues in a comprehensive way, and we hope that other insurance companies will quickly get on board, and strongly support this excellent plan to improve transparency for out-of-network charges." Consumers Union is the nonprofit publisher of Consumer Reports.

Today, Cuomo also issued a report on his investigation, "Health Care Report: The Consumer Reimbursement System is Code Blue." The report highlights the conflicts of interest and other defects in the current system and calls for the reforms announced today. It can be accessed at

http://www.oag.state.ny.us/bureaus/health_care/HIT/reimbursement_rates.html.

The agreement announced today is the result of an investigation by Deputy Chief of the Health Care Bureau James E. Dering, Senior Trial Counsel Kathryn E. Diaz, and Assistant Attorneys General Brant Campbell and Sandra Rodriguez, under the direction of Linda A. Lacewell, the head of the Attorney General's Healthcare Industry Taskforce. The Attorney General expressed his appreciation to Steven E. Fineman, Esq., of Lieff Cabraser Heimann & Bernstein, LLP, for his *pro bono* services in this matter.