

Insurer comes here with a trail of fines from other states

by Las-Vegas-Sun

UnitedHealth Group, which is poised to monopolize segments of the Southern Nevada health insurance market, has set industry records in other states - for fines levied against the company for violating insurance regulations.

In December the Nebraska Department of Insurance imposed a \$650,000 fine against United, the agency's largest ever, for failing to handle complaints, grievances and appeals. Many of the problems stemmed from the company changing to an inadequate claims handling process, which has since been corrected, state officials said.

In March 2006, the Arizona Department of Insurance fined United \$364,750 for violating state law by denying services and claims, delaying payment to providers and failing to keep proper records. They were the largest fines in the department's history.

And in December 2005, the Texas Department of Insurance fined United \$4 million for failing to pay promptly, lacking accurate claim data reports and not maintaining adequate complaint logs. The insurance giant also had to pay restitution to physicians.

United spokesman Tyler Mason said the company is not unique among insurance providers when it comes to being penalized for violating state law. In contrast to the fines, United recently signed agreements with five states to collaborate with regulators for the benefit of doctors and patients. In that way, United is an insurance industry pioneer, he said.

"From our perspective, we have made it a priority to work with regulators in a transparent effort to better serve our members," Mason said.

United is based in Minnesota and covers about 70 million Americans. In March, the company announced plans to acquire Nevada's largest insurer, Sierra Health Services, which covers about 620,000 Nevadans, most of them in Clark County.

The proposed \$2.6 billion merger would concentrate Southern Nevada's health insurance market. If the deal goes through, United would gain Sierra Health's enormous share of the commercial health maintenance organization market, increasing its stake to 80 percent statewide and 95 percent in Clark County, according to government figures. The company's share of the Medicare HMO market, which provides services for senior citizens and the disabled, would be 95 percent in Nevada and 100 percent in Clark County. United's share of the HMO and preferred provider organization markets combined in Clark County would soar to 56 percent.

The U.S. Justice Department and Nevada Insurance Commission are investigating the merger to determine whether it could hurt competition. Critics of the deal say one powerful company could boost its profits by lowering reimbursement rates for doctors and hospitals, raising insurance premiums for business owners or cutting benefits for patients.

The American Medical Association, which represents doctors nationwide, is among the interest groups opposed to the merger. Dr. Michael Maves, AMA executive director, sent a letter June 5 to Nevada Insurance Commissioner Alice Molasky-Arman saying that United's goal is to dominate the Nevada insurance market, and the threat of monopoly should be viewed in relation to the company's thirst for money.

United's profit climbed by 27 percent from 2004 to 2005, and 26 percent from 2005 to 2006, according to the Yahoo! Finance Web site. A lack of competition would allow United to place profits over patients, Maves wrote.

Maves cited United's failure to comply with state regulations as evidence of its dismissive attitude toward patients and health providers.

"United's conduct reflects a philosophy that it is more cost-effective to violate state law and possibly pay a state fine than to assure compliance with laws designed to protect both patients and physicians," Maves wrote. The AMA also cited violations by United in Rhode Island and New York, where the state health department banned the insurance company from enrolling new patients in its HMO plan because it defied state regulations

By Marshall Allen Las Vegas Sun