



Health insurer accused of overcharging millions

UnitedHealth Group agrees to a \$50 million settlement after investigation

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One of the nation's largest health insurers has agreed to pay \$50 million in a settlement announced today after being accused of overcharging millions of Americans for health care.

The New York attorney general's office launched an investigation after receiving hundreds of complaints about Oxford Insurance and its parent company, UnitedHealth Group, which claims to rely on "independent research from across the health care industry" to determine reimbursement rates. In actuality though, it relies on Ingenix, a research firm owned by UnitedHealth Group.

New York Attorney General Andrew Cuomo says Ingenix has been manipulating the numbers so insurance companies pay less. In a just-released report, he contends that Americans have been "under-reimbursed to the tune of at least hundreds of millions of dollars." Although UnitedHealth Group and Oxford Insurance were the only entities investigated, other major insurers use Ingenix, including Aetna, CIGNA and WellPoint/Empire BlueCross BlueShield.

"This is a huge scam that affected hundreds of millions of Americans [who were] ripped off by their health insurance companies," says Cuomo. "This was unethical, and it robbed vulnerable patients of insurance reimbursements they deserved."

A battle on two fronts

Sixty-four-year-old Mary Jerome of Yonkers, N.Y., is one of those who complained to the attorney general. When Jerome was diagnosed with advanced ovarian cancer in 2006, she chose to go to Memorial Sloan-Kettering Cancer Center in New York, an out-of-network hospital under her insurer, Oxford, reported NBC News correspondent Jeff Rossen for the TODAY show.

The insurance company determined via Ingenix that many procedures Jerome needed — including chemotherapy medications — were not considered "usual, customary or reasonable." After three surgeries and treatment for an embolism, Jerome was left owing \$46,000.

Weakened from cancer and frightened over her finances, Jerome was fighting a battle on two fronts. She remembers "the devastation it gives to a patient who is at the worst time in their life. They're trying to fight one battle, and then they have to fight a second battle when they have nothing — physically, spiritually, emotionally — left to fight with."

But Jerome's daughter, Eva, who is a Manhattan lawyer, encouraged her mother to appeal to the state's attorney general. Jerome's complaint was one of hundreds from angry customers, which prompted Cuomo to launch an investigation of the insurer.

"This is huge. This problem went across the country," Nancy Nielsen, president of the American Medical Association, told the TODAY show. "It's industry-wide, throughout insurers. So, it touched every state. Many doctors, many millions of patients, and this has been going on for years."

More insurers under investigation

Cuomo is now investigating other insurance companies that use Ingenix's database to determine reimbursement rates for patients and taking steps to make sure this won't happen again in the future.

The \$50 million UnitedHealth Group will pay as the settlement will be used to create a nonprofit organization that will determine reimbursement rates for patients.

Jerome's cancer was in remission for 20 months, but returned in October. Her employer, Columbia University, where she is a lecturer in the English department, now uses United Health Care, another insurer owned by UnitedHealth Group, the company that owns Oxford. But so far, her experience with her new insurer has been "perfect," Jerome says. She says she's "thrilled" with the settlement the New York attorney general's office has reached with UnitedHealth Group.

"My main hope now and in the future is that patients won't have to go through this," Jerome says. "It's much more than money; it's being treated with honor and dignity. I think that's what's going to change."

Since Jerome complained, Oxford has refunded her thousands of dollars.

In a statement, UnitedHealth Group told TODAY: "We respectfully disagree with the New York Attorney General's findings that we manipulated data ... (or that our ownership of Ingenix was a conflict of interest.) We agreed to his settlement because it was an effective way to address any perceived conflict of interest."

Cuomo says he's now looking into other health insurance companies for exactly the same thing. So, there may be millions more on the line here as well.

In addition, some patients plan to bring a class action lawsuit against UnitedHealth Group.

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