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BUSINESS

UnitedHealth Culls Doctors From Medicare Advantage Plans

Physicians in 10 States Notified; Insurer Cites 'Funding Pressure' From Federal Government



Michael Saffir, at left, president of the Connecticut State Medical Society, criticized UnitedHealth's cutbacks in its Medicare Advantage network. MICHELLE MCLOUGHLIN FOR THE WALL STREET JOURNAL



By Melinda Beck

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networks in recent weeks—spurring protest from lawmakers and physician groups and leaving many elderly patients unsure about whether they need to switch plans to keep seeing their doctors.

Doctors in at least 10 states have received termination letters, some citing “significant changes and pressures in the health-care environment.” The notices also tell doctors they can appeal within 30 days. That means many physicians and patients won’t know for sure who is in or out of UnitedHealth’s Medicare Advantage networks before the open-enrollment period to switch Medicare plans ends on Dec. 7.

UnitedHealth said its provider networks are always changing and that it expects its Medicare Advantage network “to be 85% to 90% of its current size by the end of 2014,” although it declined to say how many doctors are being cut in individual states or what criteria it is using.





The company said it is managing its network, in part, to provide more value for members, particularly given Medicare's new five-star rating system that ties bonus payments for insurers to certain measures of cost and quality.

"That's what's driving our actions," said Austin Pittman, president of UnitedHealth's networks. He also said, "It's no secret that we are under substantial funding pressure from the federal government."

UnitedHealth Group reported a third-quarter profit of \$1.57 billion last month, but Chief Executive Stephen J. Hemsley has issued cautious outlooks for 2014, citing expected cuts in Medicare payments tied to the Affordable Care Act.

LETTERS TO DOCTORS

-  A Sample Letter Sent to a Doctor
-  A Letter to a Doctor Explaining How to Appeal the Decision

Medicare Advantage, an alternative to traditional Medicare, combines hospital and doctor coverage and often includes prescription drugs and perks like gym memberships. Enrollment has more than doubled since 2004 to 13 million in 2012,

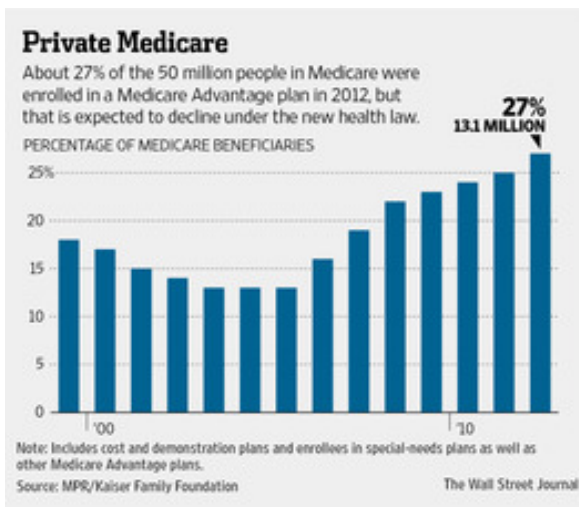
which represents about 27% of Americans on Medicare.

The federal government pays private insurers a per-capita fee to manage the benefits. The rate is currently about 12% more than the average Medicare patient spends annually. The Obama administration plans to cut those extra

payments to insurers by about \$150 billion over the next 10 years to help pay for the health law. Some experts expect enrollment in Medicare Advantage plans to decline sharply if that occurs.

Other Medicare Advantage providers, including Humana Inc., Aetna Inc. and WellPoint Inc., said they are always evaluating their provider networks, but doctor groups say none appear to be shrinking them to the extent of UnitedHealth.

UnitedHealth is the biggest player, with nearly three million members in Advantage plans, many of them sold under the AARP brand. The company says it had over 350,000 doctors in its Advantage provider networks.



Among the practices UnitedHealth has dropped are Moffitt Cancer Center in Tampa, Fla., and the Yale Medical Group in New Haven, Conn., which includes 1,200 faculty physicians.

“Instead of a scalpel, United is using a chain saw,” said Michael Saffir, a rehabilitation specialist and president of the Connecticut State Medical Society, which estimates the insurer has cut 2,200 doctors across the state.

Two Connecticut county medical groups filed suit against UnitedHealth in U.S. District Court, alleging that the terminations violated contract provisions.

Several state attorneys general are investigating. Congressional delegations have complained about the company’s timing and tactics to Medicare administrator Marilyn Tavenner, as did 43 national medical associations and 40 state medical societies in a joint letter on Nov. 6.

A spokeswoman for the Centers for Medicare and Medicaid Services said CMS is reviewing UnitedHealth’s and other provider’s networks “to ensure that

beneficiaries have full, transparent and timely information and access to needed care.”

“We recognize that change is hard,” said Mr. Pittman. “This is about meeting the needs of patients in specific geographic areas, improving the quality and sustainability of our networks and deepening our relationships with providers over the long term.” The company said it had no comment about the investigations.

AARP issued a statement saying it “has heard from a small number of our members regarding this decision” and was encouraging anyone with concerns to contact UnitedHealth directly.

Some terminated physicians predicted that UnitedHealth’s patient satisfaction, a factor in Medicare quality ratings, would suffer with fewer doctors in the network.

“Fewer practitioners mean longer waits, longer drives, less convenience,” said ophthalmologist Steven Thornquist of Trumbull, Conn., who said he is the only specialist in adult strabismus—which causes double vision—in a 20-mile radius.

“Patients battling cancer should be focused on their treatment, not on finding another doctor,” said gynecological oncologist Johnathan Lancaster, one of more than 200 doctors dropped from UnitedHealth’s network at Moffitt, which is a nationally recognized cancer center.

Dr. Lancaster said the cuts mean that about 2,500 current Moffitt patients will have to switch plans or find other cancer doctors—and that thousands more who come for consultations and second opinions can no longer use their UnitedHealth Medicare Advantage plans there.

A UnitedHealth spokesman said plan members could receive appropriate cancer care at other Tampa-area hospitals that remain in its network.

At least one axed practice has successfully appealed. After the only two doctors on Block Island, 10 miles off the Rhode Island coast, both received termination

notices, their clinic complained that the 25 affected elderly patients would have to take a plane or a ferry to find in-network care.

Barbara Baldwin, executive director of the Block Island Medical Center, said a UnitedHealth official told her by phone that the practice would be reinstated. "But I still haven't gotten anything in writing," she said.

Depending on their plan, UnitedHealth Medicare members may be able to see terminated doctors if they pay an out-of-network fee or pay 100% of the cost themselves. They can also switch to a rival Advantage plan or to regular fee-for-service Medicare—if they do so by Dec. 7.

But many are reluctant to do either. Louise Pannulla, of Seymour, Conn., said both her ophthalmologist and her primary-care doctor were dropped, so she may switch to another plan. "I just hope that one doesn't change, too," she says. "At 90 years old, you don't want to change anything."

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