



UnitedHealth Fact Sheet - Not a clean bill of health

What is UnitedHealth?

The UnitedHealth Group is one of the largest health sector corporations in the world. It is based in the United States.

Its core business is the sale of a variety of health care products and services, in particular health services and health insurance products.

It consists of several separate businesses, each of which focus on a particular type of product or niche within the health care market.

How big is it?

UnitedHealth is big. In 2004 it ranked first in the US in net sales of healthcare insurance. Furthermore, the company is growing through various acquisitions and mergers within the United States and by breaking into public health services in Europe.

The aim of UnitedHealth – profits

The aim is to generate wealth for its executive board and senior managers, and shareholders.

UnitedHealth's recent Annual Reports show the company to be achieving record net earnings of \$11.3 billion. The chief executive of UnitedHealth, William McGuire, earned a total annual income of \$124.8 million in 2004.

How does it make its profits?

In the US, health care is big business - \$1,500 billion a year!

Academic research shows that companies like UnitedHealth make profits by:

- **'cherry picking' or 'cream skimming'** – companies like UnitedHealth select the profitable treatments and patients by placing access restrictions on the services they offer. Wherever possible, those who are elderly, frail or at high risk of chronic illness are excluded from insurance or comprehensive health cover.
- **'charging for risk'** – companies like UnitedHealth expect individuals with high health risks to pay higher insurance premiums, have a more limited range of benefits, or have to pay for a higher proportion of the costs of health care through charges or 'co-payments'.
- **'over-servicing'** – companies like UnitedHealth often maximise income by providing unnecessary treatments.
- **'reducing quality and staffing'** – companies like UnitedHealth maximise income and profits by lowering the quality and cost of health care as much as possible. For example, they may close local services, reduce the numbers of staff employed and use cheaper and less qualified staff.
- **'denial of care'** – companies like UnitedHealth protect their profit margins in the United States by simply denying care if payments can't be met – the risk for the financing of health care in a commercialised health care market tends to fall on individuals and their families.

UnitedHealth also makes its profits from defrauding government funds and patients

In July 2002, the New York State Insurance Department fined United HealthCare \$1.5 million for 'cheating patients out of money'. When patients were denied payments under their insurance programme, some were given wrong information by the company on how to appeal against this. Since March 2000, United HealthCare has paid out almost \$2 million in penalties in nine different US states for a variety of offences.

In August 2004, United HealthCare Insurance Co. agreed to settle civil Medicare fraud charges with the US Attorney for \$9.7 million. The government claimed that United HealthCare had inflated its cost reimbursements well above its actual expenditure under the Medicare program in order to obtain higher reimbursement and greater performance incentive payments. In December 2004, United HealthCare Insurance Co. again had to pay \$3.5 million to settle charges that it defrauded the US Medicare programme. The settlement related to charges that United HealthCare knowingly mishandled phone inquiries from Medicare beneficiaries and providers, and then falsely reported performance information to the federal government between 1996 and 2000.

And as recently as December 2005, United HealthCare of Georgia Inc. was asked to pay at least \$2.3 million to settle complaints about delayed payments, only a few years after it was fined for similar offences in 2000 and 2002.

How does UnitedHealth gain influence?

In the United States, companies like UnitedHealth spend millions of dollars every year on lobbying activities to ensure that the health care system remains a profitable and commercialised market place. UnitedHealth has been at the forefront of this lobbying, which has included the donation of campaign funds to the Bush campaign in 2004. In fact the UnitedHealth Group CEO, William McGuire, was among a group known as Bush campaign "Pioneers" for their contribution of \$100,000 or more.

Why does UnitedHealth want to run NHS services?

Health care is a multi billion dollar service in the UK and Europe. UnitedHealth and other corporate health providers have been lobbying intensively to create a more open market in health care.

Until now, the NHS in England has mainly been in public ownership and control with a strong commitment to universal and equitable access to health care, the pro-active support of public providers and a rejection of commercialisation.

However, the Blair government has created openings for companies like UnitedHealth to gain entry into the NHS by creating a market in health care.

Entering the UK health care market

In May 2004, UnitedHealth set up a new subsidiary business, *UnitedHealth Europe*, to explore the market and to lobby for the opportunity to provide health services in Europe.

UnitedHealth Europe is led by a British management team that includes Tony Blair's senior health policy adviser, Simon Stevens, (previously policy advisor to the former Secretaries of State for Health Frank Dobson and Alan Milburn) and Richard Smith, the former editor of the British Medical Journal.

They are now actively seeking to take over the budgets of PCTs and primary care. By controlling the budgets, they control what services patients will get, the employment of staff and their terms and conditions and the flow of funds to shareholders.