



PRESS RELEASE

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UnitedHealthcare's \$36.8 million to stay in RI, for now

Insurer withdraws application after OHIC holds public meeting

The Office of the Health Insurance Commissioner announced today it has received a letter from UnitedHealthcare of New England (United) indicating their temporary withdrawal of its application for a \$36.8 million dollar extraordinary dividend.

“While we remain committed to the people of this state, we want to take time to assess the concerns raised by our Rhode Island members, our physicians and other providers”, the letter stated, “therefore we are temporarily withdrawing our request.”

“The law is clear - United Healthcare of New England has obligations not only to its clients and its shareholders, but to the people of Rhode Island,” stated Health Insurance Commissioner Christopher F. Koller. “We are pleased that they recognize the need to meet those obligations and that the public feels they haven’t, and we look forward to learning how they propose to do so.”

Coming to grips with the statutory standards for review by the Health Insurance Commissioner and extensive public outcry about the application, particularly in an extraordinary public meeting on Tuesday March 20, 2007, United has indicated to this Office its intent to resubmit the application in the near future.

As directed in statute by the General Assembly, the OHIC is required to make decisions in the context of four basic concerns: protecting consumers, ensuring insurer solvency, encouraging fair treatment of health care providers, and improving the health care system.

On March 20, 2007, the Health Insurance Commissioner and the Health Insurance Advisory Council heard extensive public comment on United's request. "Several consistent and serious themes emerged from the extensive public comments", said Koller:

- "United needs to have local resources to address complaints by health care providers in their network and by consumers."
- "United needs to offer reasonable, market comparable reimbursements to primary care providers."
- "United needs to invest in the community to improve the efficiency and effectiveness of the health care system in Rhode Island, commensurate with its major competitor."

In its letter to the Commissioner, United acknowledged customer service and physician reimbursement concerns as most important to the community and to the company. The letter also noted steps United has taken in response to concerns expressed at the public meeting.

Commissioner Koller noted, "This extraordinary dividend request is a one time issue that has opened a larger discussion about Rhode Island's standards for health insurers. We anticipate a resubmitted application that addresses the short-term issues at hand, while addressing larger local issues over the long haul. 19 to

24 cents of every premium dollar goes to their administration, reserves and profit. We need to make sure that the community also holds a share in United's success."

Also in its letter, United expressed continued commitment to the Rhode Island market. Commissioner Koller said, "This is good news – we need financially strong health insurers who are committed to providing the services and investments for their clients and the community that improve the quality and efficiency of our health care system in Rhode Island. These insurers should be competing aggressively on quality, service, innovation and reducing underlying costs, not on their ability to cost shift or exclude sick citizens. These are the standards to which Rhode Islanders hold their health insurers."