

RIMS sent the following letter to the *Providence Journal* May 16, 2007.

To the Editor:

“Affordability” is UnitedHealthcare’s favorite marketing concept. (See Steve Farrell’s Letter to the Editor, “United takes RI health seriously” and “City health-care contract bids being reviewed” p. D1, both May 16, 2007.) But low price does not necessarily mean high value. In the case of UnitedHealthcare of New England, in fact, it definitely means substantially lower value, and this is true for at least three reasons.

First, United’s subscribers have inferior access to care. Indeed, we question the validity of United’s boast that 95% of the doctors in Rhode Island are in United’s network, and we believe purchasers are well advised to regard United’s provider directory with a degree of skepticism. When the Medical Society took inventory of one medical specialty in November 2004, we found that United listed 222 physicians of that specialty as being in United’s network. However, a systematic check revealed that only 65 of those doctors were actually available to serve United subscribers.

Second, United claims to be more efficient than its competition, and one would expect that to be true. But it is not. As a company that does business nation-wide, United commands huge economies of scale through centralized operations (thus sending jobs as well as dollars out of Rhode Island), yet its annual published financials reveal general administrative expenses running almost 80% higher than its chief (and relatively tiny) competitor, Blue Cross & Blue Shield of Rhode Island. Looking at this another way: if United matched Blue Cross for efficiency, \$18.6 million could be freed up to reduce premiums or pay for care in Rhode Island.

Third, the \$37 million in excess Rhode Island profits that United wants to forward to its Minnesota parent company is actually part of a total \$59 million that United has accumulated and is sitting on locally. Add in the \$16 million in “ordinary dividend” that United paid to its parent last fall, and we are looking at a total of \$75 million in premium diverted from its intended purpose, which was covering health care services for Rhode Islanders over the past few years.

All in all, United’s prices may be low, but the value offered is also low. The inferior access afforded United subscribers is especially troubling because it suggests the worst sort of false economy. Denying care or postponing care not only leads to higher costs later and often shifts costs to other social systems; it also increases needless suffering and decreases human productivity. And even if it were true that 95% of Rhode Island doctors are in United’s network, I guarantee you that the great majority wish they weren’t. That is because United subjects them to remarkably high-handed chicanery and abuse. But that’s a story for another day.

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President