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Testimony of

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Before the

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Domestic Policy Subcommittee

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TESTIMONY OF RICHARD A. COLLINS
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OVERSIGHT AND GOVERNMENT REFORM COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES
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Chairman Kucinich, Ranking Member Jordan and members of the subcommittee, my name is Richard Collins and I am the head of underwriting, pricing and health care economics for UnitedHealthcare, a UnitedHealth Group business that provides a full spectrum of commercial consumer-oriented health benefit plans and services to individuals, public sector employers and businesses of all sizes. I am also the CEO of Golden Rule Insurance Company, a UnitedHealth Group business that provides health insurance policies to individuals and their families.

In my remarks today, I will reaffirm UnitedHealth Group's commitment to achieving comprehensive, bipartisan health reform that carefully balances the needs of all our stakeholders. In addition, I will describe for you how we are working – in partnership with physicians and hospitals – to streamline administrative processes, improve efficiency, reduce costs and enhance care.

Let me open my statement by providing the subcommittee with key facts about UnitedHealth Group and our industry. This information is important because it sometimes gets lost amidst the heated rhetoric of the health care policy debate.

- First, UnitedHealth Group provides high-quality health services and products to more than 70 million people each year in partnership with 5,000 hospitals and 600,000 doctors and thousands of other care providers across all 50 states.
- Second, we employ approximately 75,000 good, hard-working Americans. These people care about and work hard to improve the health and well-being of our

health plan members. So, too, do the employees of health insurance companies across America.

- Third, we are a financially stable company that has carefully managed our balance sheet during challenging economic times. We satisfy solvency, liquidity and capital requirements imposed by our regulators.
- Fourth, our industry is one of the most highly regulated in the United States.

Our company has long advocated that our country needs comprehensive health reform. To us, true reform includes modernizing the delivery system, tackling the fundamental drivers of health care cost growth, strengthening employer-based coverage, and providing support for low-income families. We are committed to health care reform that builds on what is working in the current health care system and fixes what is broken.

These fundamental elements of reform should be pursued alongside the constructive changes to the individual insurance market that we and our industry partners have proposed. These changes would ensure rates would not vary because of health status or gender, and would guarantee coverage regardless of preexisting conditions for those who maintain continuous coverage. They would also require that individuals obtain and maintain health coverage so that everyone participates in both the benefits and the costs of the system.

Discussion of administrative processes in health care begins with the benefits of a strong provider network. UnitedHealth Group has built the largest network of physicians, hospitals and caregivers in the country, providing broad access to cost-effective, quality health care for our members. We contract with more than 85 percent of the physicians in the U.S. and more than 85 percent of the hospitals.

Our members receive great value from our extensive network. We perform periodic credential reviews to make sure our network physicians and hospitals continue to meet

our standards for quality. Members receive negotiated savings when they are cared for by one of our contracted providers. Our members are not balance billed for in-network services after satisfaction of any co-payment obligations. In summary, we improve access to care by providing a broad, quality network and substantial savings over typical billed charges.

A key element to the success of this network is the health information technology we use to increase the speed and accuracy of claims adjudication. We pay more than 250 million claims annually. Over 80 percent are processed automatically and more than 95 percent are processed within 10 days on our primary commercial platform.

Across our entire business, we have identified 100,000 physicians in 132 cities and 21 medical specialties who consistently deliver quality in accordance with industry evidence-based standards, while doing so at costs 10 to 20 percent below their peers. This is our Premium designation program. These physicians use data, efficient practice management, and evidence-based medicine to guide and consistently improve patient care – and these physicians see more patient volume as consumers begin to compare quality and cost. We make it easy for our members to find and access these physicians. In fact, some of our plans reward members for using Premium designated physicians. And certain medical practices and physicians who qualify are rewarded with enhanced fees.

This system extends to facilities in our network for managing complex medical conditions, such as organ transplants, cancer and congenital heart disease. These Centers of Excellence deliver better treatment outcomes for complex courses of care and at the same time produce significant savings, sometimes as high as 60 percent.

Partnerships with physicians and hospitals are critical to streamlining administrative processes and providing greater value to our members. To that end, we have convened a national Physician Advisory Committee and a Physician Administrative Advisory Committee comprised of physician and practice manager representatives from across our

network. The committees provide us with in-depth feedback about our programs and help ensure that we maximize health care quality and minimize administrative burden on a physician's practice. In addition, we have established local Physician Advisory Committees across the country.

We also are introducing innovative and practical tools that allow doctors, nurses and other health care providers to spend more time with their patients and less on paperwork. For instance, UnitedHealth's proprietary technology platform, called eSync, synchronizes a person's medical history, medical and pharmacy claims, self-reported data and life-stage demographics in order to help identify gaps in the care they should be receiving. With a patient's permission, the program is shared with physicians to give them a more comprehensive view of an individual's health, and therefore more personalized health care. Other examples include our provision of electronic medical records and e-prescribing technology that help physicians practice better medicine through clinical decision support, and reduce administrative costs through automation and web-based transactions.

We also create innovative products, services and technology that provide consumers with the information, choices and incentives to actively participate in their own care and that encourage them to comply with routine preventive measures recommended by their physicians. For example, our Diabetes Health Plan guides people with diabetes to physicians with documented success in treatment, educates patients on the importance of routine care, and offers incentives for compliance with preventive care guidelines. The direct and indirect costs of diabetes in health care and lost productivity are more than \$170 billion annually.

In conclusion, UnitedHealth Group provides critical services and support at every point of the health care delivery system. Our advanced technology is making administration of health care simpler, easier and more cost-effective for patients, providers and the entire health care community. We are working to improve the quality of care as we reduce health care costs, making health care more affordable for more people. We are focused

on serving the needs of patients, consumers, physicians and other health care providers, employers, and government programs – everyone in the health care community we touch and who touch us.

Thank you.