

Davies

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New Survey Reveals Best and Worst Health Insurance Companies

Results Reveal Two Outliers - Aetna as Preferred Partner, UnitedHealthcare as Bad Actor

NOTE: Graphics and fact sheet available by contacting bedwards@daviespublicaffairs.com.

Santa Barbara, CA (March 3, 2009) – DAVIES, one of the largest public affairs agencies in the country, today released the results of its third annual National Payor Survey of hospital executives. The survey measured hospital executives' perceptions of the nation's largest health insurance companies. It was coupled with the first National Payor Survey of employers, a new survey that targeted individuals responsible for selecting health plan coverage for employers of all sizes.

The only survey of its kind in the country, the National Payor Survey of health plan reputation targeted hospital leaders who negotiate contracts with major health insurance companies - hospital CEOs, CFOs and directors of managed care. Total responses represented more than 18% of the hospitals in the country, which is an increase of 78% from the 2007 survey.

Although health plans are rated poorly in a variety of other surveys - including JD Powers and Harris Poll - the DAVIES survey revealed two outliers in the health insurance community. For the first time, hospitals identified a preferred business partner in Aetna. And for the third straight year, UnitedHealthcare stood out dramatically as a bad actor in its ratings.

Aetna as Preferred Partner

For the first time, the survey revealed a preferred partner for hospitals and physicians. Aetna received a 64% favorable rating (compared to a 34% unfavorable rating), which was 9% better than CIGNA, the second-best rated plan and a full 48% better than the worst rated plan, UnitedHealthcare. The survey reveals a strong preference from hospitals based on trust, honesty, business practices and good faith negotiations.

"Aetna is clearly the preferred health insurance partner for hospitals and health systems across the United States," said Brandon Edwards, President/COO of DAVIES. "When you

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combine this survey data with recent publicly traded health plan earnings announcements, it's clear that provider trust and satisfaction are leading indicators of organic membership growth. This bodes well for Aetna, and perhaps CIGNA, as they look at 2009 commercial enrollment retention, as well as 2010 commercial enrollment growth."

UnitedHealthcare as a Negative Outlier

The survey revealed that 82% of respondents indicated an unfavorable opinion of UnitedHealthcare, which is actually an 8% improvement for them over last year. This contrasts with an average unfavorable rating of 34% among all other insurance companies in the survey.

"Employers and health plan members take note - hospitals and physicians deal with health plans every day, and they know who can be trusted to treat people fairly and deal in good faith," said Edwards. "They have reasonably good reimbursement rates for hospitals and physicians, but the survey reveals that hospitals simply don't trust UnitedHealthcare to follow-through on its promises. Given UnitedHealthcare's recent admission of problems with their PacifiCare subsidiary and other customer service issues, it's not surprising to see significant commercial enrollment losses from Bank of America to American Airlines to 7-Eleven and other large employers."

One striking finding is that UnitedHealthcare was not the largest payor in terms of revenue for the average hospital, and its reimbursement rates were not significantly lower than other major health plans. UnitedHealthcare is paying as much or more than other insurance companies for healthcare services but they are viewed as the worst performer by a large margin. The survey makes clear that dissatisfaction is driven by distrust, dishonesty, flawed business process, inadequate claims processing, claims denials and other business process problems.

The survey gathered data on hospital leaders' opinions on the largest health insurers or insurer groups in the nation: Aetna, CIGNA, Coventry, Wellpoint/Anthem, Humana (new to the survey this year), UnitedHealthcare and independent nonprofit Blue Cross and Blue Shield plans. Participants were asked to rate these companies on more than a dozen categories, from image and reputation to detailed contract negotiation and claims processing issues. In addition, participants were able to distinguish between their ratings of Anthem, Anthem-owned plans like Blue Cross Blue Shield of Georgia, and independent Blue Cross plans. The survey results are anonymous to protect hospitals from retaliation by health plans who may not have appreciated the criticism.

Nathan Kaufman, a national healthcare strategy consultant and managing director of Kaufman Strategic Advisors, remarked, "Three years in a row shows a clear trend. United's bad reputation seems to be an outcome of a deliberate business strategy, approach to negotiations and set of business practices. Most negotiations between health plans and providers take place behind closed doors. These results reveal payors through the eyes of people who know how they act when no one is watching - the hospitals that deal with them every day."

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For employers faced with deciding which health plan they want to cover their employees, the survey provides valuable data on the stability of healthcare provider networks. An insurer who has a consistent record of poor negotiations with hospital executives is more likely to force that hospital out-of-network, meaning significant disruption in care for employees forced to travel to a different hospital. In addition to premiums and benefit design, network stability is one of the most important criteria in evaluating a health plan - and, it has historically not been effectively measured.

The results of the first National Payor Survey of employers demonstrated a clear disconnect from the hospital viewpoint. The survey targeted benefit managers and human resource executives responsible for selecting health plan coverage. These respondents generally give a favorable rating to their own health plan. However, their concerns are dominated by the issue of cost as it relates to rising premiums. Overall, nearly half the employers surveyed blame health plan profits, industry malpractice costs and the cost of caring for the uninsured as the top factors fueling higher insurance premiums.

These opinions, when combined, shed light on an interesting and dynamic disconnect: that the reality on the ground, in the world of everyday purchasers and participants, is very different from the looming conversations emerging around healthcare reform priorities and the legislative focus of lawmakers. It is clear the primary issue for employers is cost. For hospitals, the clear concern is adequate reimbursement and maintaining reasonable, professional relationships with the major health plans. The breakdown occurs between the hospital's view of UnitedHealthcare and employers' relatively high level of satisfaction with UnitedHealthcare and other health plans.

The complete survey results are available online at www.DaviesPublicAffairs.com/healthcarenews or by contacting bedwards@daviespublicaffairs.com.

About DAVIES

DAVIES is a public affairs firm that utilizes highly-targeted grassroots and communication programs to influence the outcome of defining, high stakes, and controversial issues for clients who need to win. In the last three years, DAVIES earned two distinguished national awards, The Public Affairs Agency of the Year and The Best Agency to Work For by *The Holmes Report*. The firm offers three specialized industry practice groups - Healthcare, Real Estate, and Energy & Natural Resources - and operates from offices in Washington D.C., Santa Barbara, Los Angeles and Sacramento. The firm has been in business for 25 years and can be found online at www.DaviesPublicAffairs.com.

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