

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

April 2, 2009

Mark B. Ganz
President and Chief Executive Officer
Regence Group
PO Box 1071
Portland, OR 97207

Dear Mr. Ganz,

On March 26 and March 31, 2009, the Committee on Commerce, Science, and Transportation held hearings examining how the health insurance industry reimburses consumers for health care services. In particular, these two hearings focused on the way the industry calculates usual and customary reimbursement rates for consumers who choose to receive care from out-of-network doctors and other health care providers. This issue potentially affects the more than 100 million Americans whose health insurance coverage includes services rendered by out-of-network health care providers.¹

During the March 26 hearing, the Committee took testimony from the New York Attorney General's office on this matter. According to this testimony, many health insurers doing business in New York failed to clearly explain to consumers how their out-of-network reimbursements were calculated, and failed to disclose that the source of their purportedly independent usual and customary data was Ingenix, Inc., of Eden Prairie, Minnesota, a subsidiary of the UnitedHealth group. The Attorney General's office also testified that in some cases, Ingenix under-estimated the prevailing market cost of health care services by as much as 15 to 30 percent.

To assist the Committee in understanding how the health insurance industry reimburses consumers for health care services in other regions of the United States, I request that you answer the following questions and provide the following information:

1. Over the past ten years, has your company, or any of its divisions, subsidiaries, affiliates, units or departments, subscribed to the Prevailing Healthcare Charges System (PHCS) or MDR Payment System databases sold by Ingenix, Inc. ("the

¹ According to the Kaiser Family Foundation, 70% of the 158 million Americans who have health insurance through their employers have "Preferred Provider Organization" (PPO) or "Point-of-Service" (POS) policies. Kaiser Family Foundation, *Employer Health Benefits 2008 Annual Survey* (2008), 64. (available at: <http://ehbs.kff.org/pdf/7790.pdf>)

Ingenix database products”)? If the answer is yes, please list each entity that subscribed to one or both of these services.

2. Over the past ten years, has your company, or any of its divisions, subsidiaries, affiliates, units, or departments, contributed medical charge data to the Ingenix database products? If the answer to this question is yes, please list each entity that contributed data. In addition,
 - Please describe the types of data that each entity listed above contributed to the Ingenix database products;
 - Please describe the number of medical charges each entity listed above contributed to the Ingenix database products;
 - Please indicate whether each entity listed above received a discount or credit from Ingenix in exchange for contributing data to the Ingenix database products; and
 - Please describe any procedure any of the entities listed above used to screen, select, sort, scrub, or delete medical charge data before contributing the data to the Ingenix database products.

3. Over the past ten years, has your company, or any of its divisions, subsidiaries, affiliates, units or departments, used information produced by the Ingenix database products to determine the allowance it pays to, or on behalf of 1) its policyholders, or 2) enrollees of self-funded health benefit plans it administers, for services rendered by out-of-network health care providers? If the answer is yes, please list each entity that used information from the Ingenix database products to determine the allowance amounts. In addition:
 - Please specify whether each entity listed above used information from the Ingenix databases exclusively to determine these allowances, or whether the entity also used other sources of information to determine the allowance amounts; and
 - Please describe how many claims each entity listed above paid, while using information from the Ingenix databases to determine the allowance amounts.

4. For each of the entities listed in response to question 3) above, please describe whether and how it disclosed to its enrollees or policyholders that it was using information produced by the Ingenix databases to determine the allowance amounts. Please provide examples of the written materials each entity distributed or made available to its enrollees or policyholders disclosing or describing its policies.

5. For any division, subsidiary, affiliate, unit, or department of your company that you did not list in response to question 3) above, please describe how it calculated reimbursement payments to its enrollees or policyholders for health care services rendered by out-of-network health care providers.

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6. Pursuant to an agreement it signed with the New York Attorney General on January 13, 2009, UnitedHealth Group, acting on behalf of itself and Ingenix, agreed to cease operating the Ingenix database products when a new non-profit, usual and customary medical charge database begins operating. Please describe how your company, and its divisions, subsidiaries, affiliates, units or departments, will calculate reimbursement rates for out-of-network medical services when the Ingenix database products cease operations.

Please provide your responses to the Committee by April 24, 2009.

The Committee is conducting this investigation under the authority of Senate Rules XXV and XXVI. Enclosed with this letter is a document providing additional information about how to respond to this document request. If you have any questions about this request, please contact John Williams or Erik Jones of the Committee staff at 202-224-1300.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Rockefeller". The signature is fluid and cursive, with the first name "Jay" written in a larger, more prominent script than the last name "Rockefeller".

John D. Rockefeller IV
Chairman

Enclosure

Cc: Kay Bailey Hutchison
Ranking Member