UnitedHealth Emails Reveal Tension Over Cuts to Doctor Pay

Documents unsealed in litigation with a Blackstone-backed physician group show controversy inside the company over reducing payment rates


UnitedHealth Group is headquartered in Minnetonka, Minnesota.
Photographer: Mike Bradley/Bloomberg

By John Tozzi
November 5, 2024 at 11:23 AM EST

UnitedHealth Group Inc. systematically cut what it paid for emergency room visits and mental health care to doctors outside of its network, sparking internal tension over how those changes were handled and the potential effect on members, newly unsealed court documents show.

The records open a window into the workings of its UnitedHealthcare unit, the largest US health insurer, and shed light on a bitter battle between financial heavyweights in the $5 trillion US medical system. Doctors have long blamed the company for refusing to fully cover their bills, with private equity-backed physician groups filing a string of lawsuits accusing it of shortchanging clinicians from outside of its insurance network.

While years of conflict over out-of-network billing led Congress to pass legislation protecting patients, the reforms haven't tempered the fights over determining how much to pay for medical claims. Doctors who

haven’t signed agreements with insurance companies are free to charge whatever they want for such services. Insurers may refuse to cover those costs, often with the help of middlemen hired to assess the charges. The resulting battles frequently end up in court.

UnitedHealth prevailed in one such lawsuit in Oklahoma that was brought by TeamHealth, a physician group backed by the investment company Blackstone Inc. that provides staff to 2,600 facilities and practices. After the verdict, TeamHealth asked the court to unseal records from the trial.

UnitedHealth said it was vindicated by the court and accused TeamHealth of elevating costs.

“An Oklahoma jury reviewed these documents and our testimony and agreed with us,” a UnitedHealthcare spokesperson said in an email. “TeamHealth continues to push a narrative to deflect attention away from its practice of overcharging consumers and the health system with prices that are double or even triple the rates of in-network providers for the same services.”

TeamHealth said UnitedHealth refuses "to contract at fair rates" and that it has won most arbitration disputes over payment.

Public Posturing

The two companies have been in a years-long battle to sway public opinion on out-of-network billing. While conflicts between insurers and doctors are common, the dispute between UnitedHealth and

TeamHealth stands out because of the size and the power of the companies — and the fact that they've made the fight public.

After they deadlocked on contract negotiations, UnitedHealth planned a public campaign to blame TeamHealth for "fueling the continued surge in out-of-control ER costs nationwide," according to an internal 2019 memo released in the case. Representatives of TeamHealth circulated portions of the unsealed records, arguing that they showed UnitedHealth prioritizing profits over members and providers.

The documents show the doctors' group wasn't the only party concerned about the way UnitedHealth set the rates it would pay to providers outside its network.

An April 2021 email thread showed internal dissent over how the company handled proposed changes to out-of-network payments for members on the consulting firm Deloitte's plan. It appeared to start after one member, who was married to a therapist, questioned why reimbursements had dropped.

A UnitedHealthcare vice president described how the company had ratcheted down payments for psychotherapy. They started at $250 for the first 9 months of 2020 and were cut to $188 at the end of the year, then fell further to $102 in 2021.

While a subsequent change raised the rate to $186, "you can see we are still way lower" than the original 2020 rate, "which is what Deloitte wanted to match," the email said. The thread, with the subject

line “Re: Deloitte - Unhappy with increase reimbursement,” showed how the company grappled with its response.

A UnitedHealth senior vice president asked for an explanation of why the payment rate dropped and what the prior reimbursement was based on. “Once we understand all of that we then need to determine how we explain this to the client,” she wrote.

Representatives for Deloitte didn’t respond to requests for comment.

Payment Plans

In the span of two years, UnitedHealth used three different formulas to set pay rates for out-of-network therapy visits, the records show. Two were from an outside vendor, MultiPlan Corp., which helps negotiate reimbursement for out-of-network medical claims and is fending off a flood of lawsuits from providers alleging anticompetitive behavior. One was from another company, Naviguard, a subsidiary of UnitedHealth.

The UnitedHealthcare vice president subsequently asked that “programs don’t just get changed mid-year like this with no notice” given to the teams managing the company’s large national employer clients.

Later in the exchange, the senior vice president questioned plans to cut reimbursement levels for out-of-network emergency room visits. UnitedHealth had already reduced payments from 450% of what Medicare pays — the benchmark that many insurers use as a starting point for their own figures — to 250%, and the company planned to

drop it further to 150%, according to the email.

At the April trial, an executive testified that the company didn't move forward with the deepest cuts, according to a transcript.

Such a cut would have put UnitedHealth below national averages: Employers and private insurers paid on average about 250% of Medicare's reimbursement in 2022, researchers from the Rand Corp. reported, counting both in-network and out-of-network rates. Providers often accept discounted payments in exchange for network agreements that give them greater access to patients.

The internal UnitedHealth emails show tension within the company about how plans to reduce payments further would affect members.

"I'm not saying it's the wrong thing to do to lower the reimbursement threshold," the senior vice president wrote. "What I am struggling with is acting as though there won't be member impact."