

# Lawmakers call for curbs on UnitedHealth's growing empire



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Democratic lawmakers are calling for aggressive action to curb the increasing market power of UnitedHealth Group, including a possible breakup of a business empire they say is undermining competition, corrupting Medicare, and hurting vulnerable patients.

The lawmakers, including several U.S. senators, argue the problems created by the company's size and reach demand immediate steps to restore public confidence in the health care system. They condemned the targeted killing of Brian Thompson, the CEO of UnitedHealth's insurance business. But they said the display of resentment and rage that followed was neither new nor surprising at a time when people feel powerless to defend themselves against a company that controls their doctors, their data, and their insurance policies.

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“By buying up every part of our health care system — from the largest insurer in the nation, largest network of physicians, and everything in between — UnitedHealth Group has successfully bypassed competition and funneled billions of dollars to its own subsidiaries,” Sen. Elizabeth Warren, D-Mass., told STAT in a statement. “For the sake of patients, taxpayers, and independent practices, policymakers should act to prohibit joint ownership of health insurers and their provider subsidiaries, including physicians and pharmacies.”

Rep. Pat Ryan (D-N.Y.) also said regulators and lawmakers must consider breaking up the company, whose conflicts of interest were exposed in a [STAT investigation](#) that found UnitedHealth's business

practices have upended competition among local medical groups, especially in places where it is also a dominant insurer. Since UnitedHealth took over two large medical groups in Ryan's district, his office has fielded numerous complaints from constituents about impaired access to care and poor customer service.

"It's just absolutely punishing our community so this big corporation can make even more profits," Ryan said. "It's fucking outrageous."



U.S. Rep. Pat Ryan, speaking at the Democratic National Convention in August. ANDREW HARNIK/GETTY IMAGES

The demands for urgent action set up a potential collision in Washington, where President-elect Trump and congressional Republicans are returning to power. Though Republicans have supported legislation to address the ills of market concentration, most notably by large pharmacy benefit managers, the party's leaders are unlikely to favor such sweeping antitrust action against a major American corporation. Republicans also have unconditionally supported Medicare Advantage, the private alternative to traditional Medicare that is a lynchpin within UnitedHealth's integrated businesses.

Still, Democrats expressed hope of bipartisan support for reform, adding that without swift and decisive action, frustration and anger will only continue to rise.

“Insurers need to respect that they have a public trust,” said Sen. Richard Blumenthal (D-Conn.), who has spotlighted coverage denials for seriously ill older Americans with Medicare Advantage insurance from UnitedHealth and other companies. “What I have found over the years is that anger has been building and I would assume it will continue to rise — both anger and fear — because more and more people are feeling the effects of denials and delays in care that they need.”

STAT requested comments from several Republican lawmakers active on health policy issues, including those who co-sponsored [new bipartisan legislation](#) that would break up corporate control over pharmacies and drug benefits, but did not receive responses.

UnitedHealth did not respond to a list of questions prior to publication of this story. It instead issued a brief statement through a spokesperson: “We’ve provided information on this topic previously and STAT hasn’t accurately reflected the facts. We won’t be providing more.”

The Minnesota-based conglomerate, the nation’s fourth largest company by revenue, is under intense scrutiny in multiple legal and regulatory venues.

~~Driving up medical health costs and its physician groups considerably more than others.~~

It is facing a federal antitrust investigation and a Justice Department [lawsuit](#) seeking to block its proposed acquisition of the home health provider Amedisys. Lawmakers and regulators have [sharply criticized](#) the company for excessive profiteering within its Medicare Advantage business. It is [being sued](#) for allegedly using an error-prone algorithm to systematically deny care to older Americans. Earlier this year, the company’s failure to secure its computer systems led to a [debilitating cyberattack](#) that shut down much of the nation’s health payments infrastructure. And among numerous other legal disputes, its top executives were [accused in a civil lawsuit of insider trading](#). [STAT’s investigation](#) of the company exposed deeply embedded conflicts within its sprawling network of businesses. As the nation’s largest insurer and provider, with more than 90,000 physicians under its

control, the company stands on both sides of countless transactions whose terms it can bend to serve its own financial interests, often at the expense of doctors and patients. In recent years, UnitedHealth has stealthily gobbled up a range of different medical groups, [surgery centers](#), and urgent care clinics in places where it was a dominant insurer, leading to concerns from consumer advocacy groups and researchers about whether the company was manipulating prices and forcing patients to use its own providers.

In communities around Eugene, Ore., for example, state and federal officials were flooded with complaints after the company acquired Oregon Medical Group, a large multispecialty physician practice in the region. Several doctors left, causing confusion and disruptions in care.

“Instead of helping patients, consolidations in our nation’s health care system are exploiting sick people to turn healthy profits,” Sen. Jeff Merkley (D-Ore.) said in a statement. “This unchecked corporate greed is driving up prices and leading to worse outcomes for hardworking families.” Merkley added that he is weighing new legislation “to rein in these out-of-control consolidations.”

Merkley’s counterpart from Oregon, Ron Wyden, who currently chairs the Senate Finance Committee, said “everyday Americans lose” when “one corporation monopolizes the entire supply chain.”

“I’m going to keep spotlighting the consequences of an increasingly consolidated health care system on American families’ costs and access to care,” Wyden said in a statement.



U.S. Assistant Attorney General Jonathan Kanter of the Justice Department's Antitrust Division ANNA MONEYMAKER/GETTY IMAGES

## Backlash over anticompetitive practices

A recent [fiery speech](#) by the Justice Department's outgoing top antitrust enforcer, Jonathan Kanter, made it clear that regulators are uneasy about the consequences of increasingly large companies controlling multiple parts of the health care system. That agency has so far focused most of its energy on blocking mergers within the same sector, such as insurers combining with each other. But Kanter, who did not name specific companies, seemed to encourage a future emphasis on conglomerates that encompass not just health insurance, but medical groups, pharmacy benefit managers, and other businesses.

Medicare officials are similarly turning their attention to consolidation. In particular, the agency's [proposed tweaks for Medicare Advantage](#) in 2026 would require plans to share detailed information with the government on their provider payment arrangements "to address concerns surrounding vertical integration," which is when insurers, doctors, and other health care services are combined in the same company.

The [latest installment](#) of STAT's series on UnitedHealth found that the company pays some of the physician practices it owns significantly more than it pays other physician groups in the same market for similar services. Experts STAT spoke with said this allows the company to sidestep a federal rule that caps the percentage of premium dollars insurers can retain as profit on government and commercial policies. By moving money to a provider business without such caps, UnitedHealth and other insurers can keep more of the money.

In local health care markets, the discrepancies in payments to medical practices may also undermine competition. Ryan, the congressman from New York, said the higher payments to UnitedHealth providers in the Hudson Valley amounts to "blatant corruption" that is making it harder for independent doctor groups to keep their doors open and offer affordable services. He emphasized that UnitedHealth is among several health care conglomerates whose ownership of businesses in multiple sectors of the industry allows them to influence clinical practices and coverage decisions in ways that benefit their bottom lines.

[Tell us your story](#): STAT is interested in learning more about coverage denials issued by UnitedHealth and other challenges in accessing and paying for care at practices run by its Optum subsidiary. Have you encountered a denial for yourself or a relative? Did you formerly work at UnitedHealth or one of its subsidiaries? [Click here](#) to share your story with us.

"This just should be unlawful," Ryan said, adding that Republican and Democrats should come together to pursue reforms to root out anticompetitive behavior. "I just think this goes against our values as Americans and as a country where this is putting all the power in corporations instead of having a health care system that serves the people."

Meanwhile, state lawmakers are trying to understand what an insurer like UnitedHealth owning primary care clinics means for their constituents' care. STAT [found](#) that in Connecticut, UnitedHealth's management of ProHealth Physicians, a network of primary care practices, created turmoil with patients and physicians. Company managers pressured doctors to conduct more wellness visits and document as many conditions as possible, often leading to questionable diagnoses that allowed the company to extract higher payments from

Medicare, which pays insurers more to cover sicker patients. Meanwhile, acutely ill patients struggled to schedule appointments.

STAT's investigation [found similar practices](#) in communities around the country. Following publication of those findings, the Office of Inspector General for the U.S. Department of Health and Human Services [released a report](#) that singled out UnitedHealth for collecting billions of dollars of payments based on dubious diagnoses. The report found that UnitedHealth accounted for \$3.7 billion of those payments, or almost half the total collected by all insurers. The payments were based on conditions documented through home and office visits, and reviews of patients' medical charts. But federal inspectors could not find evidence in the data they reviewed that patients received follow-up care for those illnesses.

How UnitedHealth harnesses its physician empire to squeeze profits out of patients. Connecticut State Sen. Matt Lesser, a Democrat, said he's frustrated as both a lawmaker and a ProHealth patient. He's experienced firsthand the benefits of high quality primary care, which Lesser said is now diminished after UnitedHealth's acquisition. Rubin Hirsch, one of ProHealth's founding doctors who retired early after UnitedHealth took over the practice, saved Lesser's life 14 years ago by ordering a scan after Lesser came into the office with chest tenderness. It turned out Lesser had testicular cancer that had just begun spreading.

"If he'd had less ability to think about it creatively and wasn't able to listen to me as a patient, I'm sure he would not have ordered those tests," Lesser said.

The backlash against UnitedHealth's management of ProHealth may be leading to modest, yet helpful changes. Lesser and another ProHealth patient, Sharon Maloney, both said they were able to schedule same-day appointments after STAT published its article in August. But lawmakers want to make broader changes as well. Lesser and Connecticut Attorney General William Tong both said they are more closely examining consolidation by health services companies and how it affects access to care in the state.

"We're taking a new look at our laws around corporate practice of medicine and whether there might be a need to strengthen our laws in light of these types of transactions," Tong said.

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Both state and federal officials are also [trying to ban](#) noncompete agreements, which preclude workers from going to competitors. UnitedHealth's use of noncompetes became a problem when dozens of doctors quit the Eugene multispecialty group Oregon Medical Group out of frustration with its new owner, said state Rep. Nancy Nathanson. Suddenly, doctors were forced to leave the community if they wanted to keep seeing patients. Nathanson, a Democrat, said she talked to doctors who drove more than two hours each day to keep working. Meanwhile, local patients couldn't get crucial medications refilled. Nathanson requested, and got, a face-to-face meeting with executives from UnitedHealth, who promised to drop the noncompetes. They also agreed to continue processing most medication refills. She thinks the company viewed doing so as "necessary to regain some goodwill in the community."

Nathanson is introducing two bills in the upcoming legislative session that are designed to strengthen Oregon laws protecting patients and providers from corporate interests in health care. Oregon law already requires that doctors hold majority stakes in medical groups, but companies have found workarounds. Nathanson's measure would require those physicians to live in Oregon at least three-quarters of the year and be involved in active patient care. "In other words, you really are a physician here," she said. "Not just a straw physician."

Her other bill would ban companies from forcing health care workers to sign noncompete, non-disclosure, non-disparagement, and non-solicitation agreements.





The building in Oakville, Conn., that formerly housed the ProHealth Physicians Oakville Family Medicine office, which was closed by UnitedHealthcare. TIM TAI FOR STAT

## Reckoning or reprieve?

In Washington, the incoming Republican trifecta — control of the White House and both chambers of Congress — is a potential bright spot on the horizon for UnitedHealthcare, which is the largest Medicare Advantage insurer in the country with almost 10 million enrollees.

“Medicare is really the golden goose here,” said Sherry Glied, a health economist and dean at New York University’s Wagner Graduate School of Public Service and a former official in the Obama administration. UnitedHealthcare stands to benefit because Medicare Advantage “has been the pet project of Republicans for a long time,” she said. Trump’s pick to head the Centers for Medicare & Medicaid Services, the TV star and heart surgeon Mehmet Oz, has even used his platform to [promote the program](#).

The next four years could mark a turning point from the Medicare Advantage reforms the Biden administration has made. Most notably, the administration has gotten rid of diagnosis codes that insurers commonly misuse to extract higher payments from Medicare, such as

peripheral artery disease without complications. [STAT interviewed doctors](#) who said UnitedHealth pressured them to add lucrative codes to patients' medical records they didn't feel were appropriate or necessary for their care.

UnitedHealth CEO Andrew Witty has been particularly vocal on earnings calls about his opposition to the Biden administration's changes, calling them "the [biggest incoming dynamic](#)" affecting the company's insurance arm earlier this year.

UnitedHealth is likely more negatively affected by the risk adjustment changes than other Medicare Advantage insurers based on the inspector general's report that found the company to be particularly aggressive when it comes to risk coding, said Rick Gilfillan, a consultant and former deputy administrator of CMS during the Obama administration.

If UnitedHealth and other insurers apply pressure, Trump's CMS could relatively easily undo the Biden administration's risk adjustment changes, said Gilfillan, who also was CEO of the hospital system Trinity Health. The agency could opt not to proceed with year three of the phase-in set for 2026. Or the agency could void the new system entirely and revert back to the previous one, he said.

That said, Gilfillan noted that many Republicans, like the conservative think tank the Paragon Health Institute, support risk adjustment changes that decrease Medicare Advantage overpayments.



A demonstrator protesting against the health care industry stands outside Federal Criminal Court in New York City as Luigi Mangione, the suspect in the killing of UnitedHealthcare CEO Brian Thompson, is arraigned on December 19. JOHN LAMPARSKI/GETTY IMAGES

## Rising anger over denials

It's yet to be seen whether the anger directed at insurance companies after Thompson's killing will translate into meaningful changes at UnitedHealth, or in the health care industry more broadly. What is clear is that the shocking event unleashed a tidal wave of emotion over the problem of care denials, with many people sharing personal experiences on social media.

A recent [Senate subcommittee report](#), led by Blumenthal, found UnitedHealth dramatically increased denials for seriously ill Medicare Advantage patients seeking rehabilitative care, an inquiry that followed [STAT reporting](#) that uncovered UnitedHealth's reliance on an algorithm to cut off payment for patients recovering from debilitating illnesses and injuries.

Blumenthal called for a "drastic overhaul" of the Medicare Advantage program to prevent use of prior authorization to deny or delay care at "such really appalling rates." Prior authorization is a process insurers use to control costs by requiring that doctors get their approval before delivering a health care service. Blumenthal said he was "disgusted" to

learn that many insurers were using unregulated predictive algorithms to help automate those decisions.

“Medicare Advantage insurers’ use of prior authorization is opaque and exploitative, so the program needs to be overhauled to make it more responsive and transparent,” he told STAT, adding that he is considering legislation to reform the program and will also press for more immediate regulatory changes to protect older Americans from abuses.

He said he is more broadly concerned about the potential conflicts that arise from UnitedHealth controlling businesses that stand on both sides of health care transactions. Not only does that undermine competition, he said, it constrains medical care for Americans who find themselves the captives of a system that spends more money than any industrialized nation, and yet produces mediocre outcomes. “Something’s wrong with this picture,” Blumenthal said. “Whether it’s conflicts of interest or other defects and flaws, we need to rethink this.”

Ryan said the events of the past few years, with UnitedHealth buying practices in his district and the access problems that followed, have clarified the pressing need for antitrust enforcement and other policy changes to address common grievances and economic harm.

“The broadly experienced pain and frustration of so many Americans in our health care system for decades continues to get worse,” he said. “It’s on us in government to actually do the work to solve the problem, rather than letting that angst and frustration build in the way that it has.