

STATE OF COLORADO

DEPARTMENT OF REGULATORY AGENCIES

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**Insurance Commissioner Approves Proposed Merger with Conditions
to Benefit Consumers and Doctors
Also announces initiative to improve health care access**

(Denver) - Colorado Insurance Commissioner David Rivera announced today his approval of the proposed merger between UnitedHealth and PacifiCare contingent upon certain conditions being met by the insurer. These conditions address issues raised by Colorado consumers and doctors since the proposed merger was announced in July of this year.

“The proposed merger between UnitedHealth and PacifiCare has the potential to benefit Colorado’s consumers through administrative streamlining, increased access to a nationwide network of physicians and cutting edge medical technology. However, rather than just trust that the merger will be positive for Colorado’s consumers and doctors, Colorado will verify through vigorous oversight of the conditions agreed to today,” Commissioner Rivera said.

Under the agreement between the Commissioner and UnitedHealth, the following conditions will be met:

- Merger costs will not be passed onto Colorado consumers in the form of higher premiums.
- UnitedHealth is required to meet certain performance goals, including:
 - Faster resolution of provider calls.
 - Faster resolution of appeals from providers.
 - Faster resolution of complaints that the Division of Insurance receives and forwards to UnitedHealth.
 - Faster processing of provider claims.
 - Better training of physician service center personnel so they will be more responsive to physician inquiries.
 - Physician overpayment recoveries will require advance notice and are limited to 12 months following the overpayment.

To address additional issues physicians raised at the public hearing convened by Commissioner Rivera, the following additional conditions were adopted.

- The Colorado Division of Insurance (Division) will require the creation of a Colorado Physician Advisory Council to establish a better dialogue between UnitedHealth and the provider community in order to address issues of concern. The Division will closely monitor the issues raised at these meetings and participate when necessary.
- A mutually acceptable consultant will act as an ombudsman for the Colorado Medical Society with UnitedHealth in order to facilitate a coordinated approach to addressing physician's concerns.

If any of these conditions or goals is violated, the Commissioner of Insurance has the authority to enforce compliance through a number of mechanisms, including the market conduct exam process, fines and penalties, and seeking specific enforcement and performance in the courts.

Commissioner Rivera also announced today that UnitedHealth has agreed to contribute \$7.5 million to improve access to care to rural and underserved Coloradans. UnitedHealth's charitable contribution to the state is the highest in the nation on a per-patient basis. Under UnitedHealth's Community Commitment plan, it will provide funding for a mobile primary care clinic that will travel across the state providing immunizations, flu shots, mammograms and other medical services to Colorado's rural and underserved populations.

Included within its commitment, UnitedHealth will also provide funding to further Governor Owens' Rural Health Care Initiative. The Initiative addresses health care issues important to rural Coloradans including shortages of nurses and physicians, the promotion of telemedicine and health information technology, and improving health care infrastructure in rural communities.

"One of the issues that has been repeatedly raised, and was brought forward during the public input process, is the difficulty rural and underserved Coloradans have in accessing health care. I appreciate United stepping up to the plate to help address this issue," Commissioner Rivera said

"I also want to thank Colorado's consumer and doctors for providing their thoughts on this merger, which I took into full consideration and helped shape the final agreement." Rivera's decision caps an unprecedented review of a proposed merger between insurers in Colorado. Since the initial filing in July, the Commissioner received 8 hours of testimony from the public at a November 21 hearing, and more than 100 written comments on the merger.

With Rivera's action, Colorado becomes the last of 10 states to approve the merger joining Arizona, California, Indiana, Nevada, Texas, Oklahoma, Oregon, Washington, and Wisconsin. Only 4 states, Colorado, Washington, Texas, and California, put substantive conditions on the proposed merger. Colorado's restrictions are among the most stringent.

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