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## **Survey of Hospital Execs Reveals Stark Differences Among Health Insurance Companies**

*Results Give Employers a Tool to Analyze Network Stability for Major Payors*

**Santa Barbara, CA** (March 6, 2008) – DAVIES, the third largest public affairs agency in the U.S., today released the results of its second annual National Payor Survey of hospital executives. The survey measured hospital executives' perceptions of the nation's largest health insurance companies. The only one of its kind in the country, the survey targeted hospital leaders who negotiate contracts with major health insurance companies – hospital CEOs, CFOs, and directors of managed care. Participants represented more than 10% of the hospitals in the U.S.

Although many Americans seem to regard health insurance companies as equally objectionable and unresponsive, the DAVIES survey revealed that one insurer generated particularly intense feelings among hospital executives. A full 91% of those surveyed indicated an unfavorable opinion of United Healthcare. This compares with an average unfavorable rating of 41% among all other insurers in the survey. Last year's survey reached a similar conclusion with 87% of participants ranking United as "difficult" or "very difficult" to deal with.

"The striking thing is that United was not the largest payor in terms of revenue for the average hospital, and its reimbursement rates were not significantly lower than other major payors," said Brandon Edwards, President/COO of DAVIES. "All insurance companies are big and most are regarded as tight-fisted by providers. But the survey indicates that United takes things to a different level: providers see them as untrustworthy and dishonest. This was an unanticipated finding."

The survey gathered data on hospital leaders' opinions on the six largest health insurers or insurer groups in the nation: United, CIGNA, Aetna, Coventry/First Health, Wellpoint/Anthem, and the local state or regional independent non-profit Blue Cross or Blue Shield plan. Participants were asked to rate insurance companies on more than a dozen categories, from image and reputation to detailed contract negotiation and claims processing issues. The survey was anonymous to protect hospitals from retaliation by payors who may not have appreciated the criticism.

In every single category, United Healthcare ranked worst among the major payors. Survey respondents said United had the worst reputation for dealing with hospitals; paying hospitals promptly; and reducing hospital paperwork. The nation's largest health insurer was also the most difficult to deal with in contract negotiations and had the worst reputation for honesty and candor, according to respondents.

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Nathan Kaufman, a national healthcare strategy consultant and managing director of Kaufman Strategic Advisors, remarked, "When you have survey data that are this conclusive, you've got to question whether it is a deliberate business practice to disregard the needs of the providers of care. Most negotiations between health plans and providers take place behind closed doors. So this survey reveals payors through the eyes of the people who know how they act when no one is watching– the hospitals that deal with them every day."

For employers faced with deciding which insurance company 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 hardship 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 or evaluated.

"When an employer selects a health plan for their employees, they need know that the provider network is unlikely to change. Difficult and protracted contract negotiations often mean that a provider gets excluded from a network. And this is problematic for employers who selected a health plan with a particular provider in mind," said Kelly Drosihn, president of Chancellor Consulting, a firm that specializes in managed care negotiations for providers.

Other results of the survey included that hospitals most-frequently negotiate contracts with their state or regional Blue Cross Blue Shield (22%) followed by WellPoint/Anthem (17%) and United (16%). Hospitals' top business objective for 2008 was, not surprisingly, increasing rates with their payors, followed by faster and more accurate claims processing.

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