



November 13, 2007

**HAND DELIVERED**

The Honorable Sandy Praeger  
Kansas State Commission of Insurance  
430 SW 9<sup>th</sup> Street  
Topeka, KS 66612-1678

Re: United Healthcare

Dear Commissioner Praeger:

Thank you for meeting with us to discuss an impending change to United Healthcare's protocol regarding admission notification. We are writing pursuant to your request for more information about how that change would affect hospitals, their staff, and the patients they serve. In short, this change will require hospitals to re-engineer their admissions process, add staff and incur substantial additional costs, a burden far in excess of any perceived benefit United may seek. We believe the change violates Kansas Administrative Regulations, and we request assistance from your office to stop the implementation of this new protocol.

"Standard Notification Requirements" recently published by United to be effective December 3, 2007 will now require all hospitals to provide admission notification to United on all inpatient admissions within 24 clock hours after actual admission, including weekends, holidays and emergency admissions. The previous protocol was consistent with the industry standard in its requirement of such notification by the end of the next business day. Admission notification is now required even if advance notification was supplied by the physician and is required even for maternity cases, which generally have already been pre-certified.

Admission notification must contain the following details regarding the admission:

- Member/enrollee name and identification
- Facility name and tax ID number
- Admitting/attending physician name and tax ID number
- ICD-9 diagnosis code for admitting diagnosis
- Actual admission date

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By separate letter announcing the changed protocol, United indicated it would accept daily census logs, with complete and relevant information, via fax or real-time connectivity to the hospital's admit/discharge system.

Failure of hospitals to provide admission notification in a timely manner will impact their reimbursement. If the notification is provided after 24 hours but within 72 hours after admission, the reimbursement reduction will be 50 percent of the average daily payment rate for each day preceding notification. If the admission is provided after 72 hours or not at all, the reimbursement reduction will be 50 percent of the contracted rate for the entire admission.

The Kansas Hospital Association has surveyed its members regarding the impact of United's new policy. None of those hospitals responding currently staff in a manner that would allow them to comply with the policy, and the vast majority of the members responding indicated that compliance would have a significant impact on their operations. Compliance would require the addition of trained staff on weekends and holidays, with skill levels in coding, case management and social work in order to satisfy United's notification information requirements and to be able to deal with the case management concerns arising from utilization review inquiries that admission notification presumably stimulates. Hospitals do not have much of the information requested within the time frame demanded for notification, such as ICD-9 codes or physician tax ID numbers – and of course, the admitting diagnosis is often different from the discharge diagnosis which, in turn, can affect the hospital's actual contracted payment rate. Extra costs would also have to be incurred by hospitals, in order to hire and train additional staff, and then employ them at higher pay rates for weekend and holiday duty.

The burden of the additional costs necessitated by compliance with the new United protocol obviously will be a factor in increasing health care costs. The threat of reimbursement cuts for failure or inability to comply exacerbates that problem. Patients are ultimately impacted by increasing cost pressure on insurance premiums. Patients may also find their access to care restricted if individual hospitals determine they cannot accept United patients because of this onerous admission protocol. In turn, patients may then find that they will need to seek care out of network, at a significantly higher out-of-pocket cost burden.

Finally, and perhaps most importantly, it appears that the information requested by United under this new protocol would be in direct violation of K.A.R. 40-4-41b(a), which prohibits a utilization review organization from routinely requiring codified diagnoses or procedures in order to be considered for certification.

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It is difficult to see what potential benefit is derived by United at all – much less, any benefit that outweighs the immediate and substantial burden the new protocol will impose on hospitals and the patients they serve. We respectfully request that the Kansas Insurance Department undertake an examination of United's new admission notification protocol to determine whether it constitutes an unfair trade practice which adversely affects the Kansas insuring public pursuant to K.S.A. 40-2406. Should your examination bear out the concerns of Kansas hospitals as expressed herein, we would urge that an order be issued to United Healthcare instructing them to not implement such practice and to reestablish its protocol in line with that of the remainder of the managed care industry.

Thank you for your consideration of this request.

Respectfully submitted,

Thomas L. Bell  
President

CC: John Campbell  
Cindy Hermes  
Jeff Ellis