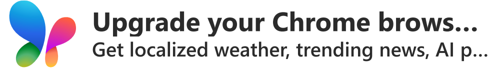
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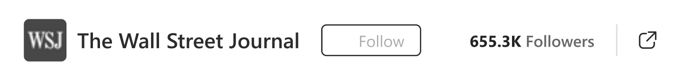
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# How Health Insurers Racked Up Billions in Extra Payments From Medicare Advantage

Story by Christopher Weaver • 6d • 5 min read

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The killing of a UnitedHealth executive in December sparked an outpouring of public rage against the industry.
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Throughout the past year, The Wall Street Journal investigated how UnitedHealth Group and other giant insurers extracted billions in extra payments from the $450-billion-a-year Medicare Advantage system, the federal government program that outsources health benefits to private companies.

The investigation, which was under way before the killing of a UnitedHealth executive in December sparked an outpouring of public rage against the industry, relied on exclusive access to billions of records of Medicare services obtained through a data-use agreement with the federal government. The Journal's analysis of

Feedback

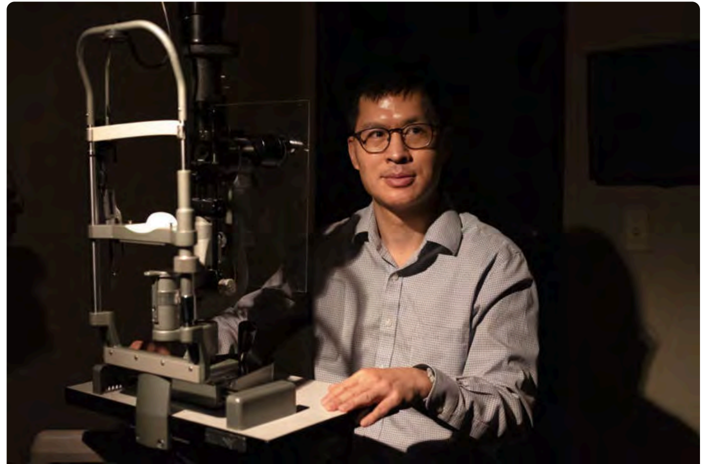
those records showed how private insurers took extra payments after diagnosing patients with conditions that no doctor ever treated, recruited patients who use few services and, at times, obstructed access to care for the sickest patients.

Here are some key findings:

## 1. Insurers packed on diagnoses that made them more money.

Medicare Advantage insurers diagnosed patients with conditions that triggered extra payments of $50 billion from 2019 to 2021, even though no doctor ever treated the diseases.

Under Medicare rules, the government pays insurers extra money to cover the costs of caring for patients who are diagnosed with certain conditions. Patients are typically diagnosed by the doctors and hospitals that treat them. But Medicare allows insurers to tack on additional diagnoses after reviewing medical charts and sending their own nurses to visit patients at home.



Insurers added diabetic cataract diagnoses to patients treated by Dr. Howard Chen, an ophthalmologist in Goodyear, Ariz.
© Rebecca Noble for The Wall Street Journal

The Journal's analysis of government Medicare data found that insurers often inaccurately added conditions that trigger high payments. For instance, more than 66,000 Medicare Advantage patients were diagnosed by their insurers with diabetic cataracts even though they had already had surgeries that cured the condition, making it anatomically impossible for them to have it. In other cases, the Journal found patients who were reported by their insurers to have HIV, the virus that causes AIDS, but didn't receive any of the lifesaving treatments that doctors recommend for all patients with the condition.

Leading Medicare Advantage insurer UnitedHealth called the Journal's analysis "inaccurate and biased," and said Medicare Advantage "provides better health outcomes and more affordable healthcare for millions of seniors" than traditional Medicare.

## 2. Insurers sent nurses to find diagnoses that doctors hadn't.

Insurers dispatched their own nurses to visit patients at home and diagnose them with conditions that their doctors hadn't, triggering an average of $1,818 in extra annual payments during each visit from 2019 to 2021—$15 billion in total.

UnitedHealth generated far higher payments per visit, averaging $2,735—about three times the level of all other Medicare Advantage insurers. UnitedHealth covers about one-third of Medicare Advantage members.

Shelley Manke, a nurse practitioner, once worked for the HouseCalls unit of UnitedHealth Group.
© Taylor Glascock for WSJ

To find extra diagnoses, nurses used tests that produced questionable results, including one for peripheral artery disease that the U.S. Food and Drug Administration hasn't approved for use as a stand-alone diagnostic device. Nurses sent by insurance companies added about 700,000 cases of the condition, which involves narrowing blood vessels, triggering $1.8 billion in payments during the period the Journal studied.

Insurers said the visits helped patients by detecting diseases early and making sure people are taking their medicine properly, among other benefits. After the Journal's report, the inspector general of the Department of Health and Human Services recommended ending payments for diagnoses stemming only from home visits.

## 3. Insurers got paid to cover patients who were already getting their healthcare elsewhere.

Medicare Advantage insurers collected billions of dollars a year in premiums to provide medical coverage to patients who used the

Department of Veterans Affairs health system—and not Medicare—for some or all of their healthcare needs.

The insurers sought to recruit veterans with cash-like rebate payments that encourage them to sign up, the Journal found. Nearly 90% of plans focused on veterans offered the rebates.

Navy veteran John Burks signed up for a Humana Honor plan years ago, but preferred to get his healthcare from the nearby VA.
© Doug Barrett for WSJ

Many veterans rely on the VA for some or all of their care, and they used Medicare services at far lower rates than typical members, the Journal analysis found. Under a decades-old law, the VA can't bill Medicare insurers.

About one in five members of Medicare Advantage plans that enroll lots of veterans didn't use a single Medicare service in 2021, the Journal found. That compares with 3.4% of members of other Medicare Advantage plans. Insurers can profit when members have low costs.

Medicare Advantage insurer Humana, the market leader in enrolling veterans, said veterans "have earned the right to choose their healthcare coverage" and that they benefit from the additional options.

## 4. Doctors who work for UnitedHealth generated billions of dollars in extra payments for their employer by adding more diagnoses.

UnitedHealth provided doctors with checklists of possible diagnoses for their patients and paid bonuses for completing them.

When patients moved from traditional Medicare, where doctors aren't encouraged to find additional diagnoses, to UnitedHealth Medicare Advantage plans and received care from the company's doctors, they appeared to acquire previously undiagnosed maladies, according to the Journal's analysis of Medicare data between 2019

and 2022. Under the system Medicare uses to calculate payments, those patients got 55% sicker, on paper, in their first year in UnitedHealth plans, an increase equivalent to every patient getting newly diagnosed with HIV and breast cancer, the analysis showed.

Dr. Coleen Madigan said she felt 'an insidious pressure' to document diagnoses.
© Kaylee Greenlee for WSJ

A spokesman for UnitedHealth said in a written statement that the company's practices lead to "more accurate diagnoses, greater availability of care and better health outcomes and prevention, including less hospitalization, more cancer screenings and better chronic disease management." After the article was published, UnitedHealth released another statement calling the Journal's reporting flawed, without specifying any inaccuracies.

## 5. Sicker patients who needed expensive treatments like nursing-home care left Medicare Advantage at high rates—suggesting that insurers may have been denying them costly coverage.

Medicare Advantage insurers netted $3.5 billion in savings from their sickest patients dropping out to return to traditional Medicare in the last year of life from 2016 to 2022, the Journal found.

The figure is a sign, experts said, that patients may not be getting the care they need through the private insurers. When patients leave Medicare Advantage, taxpayers pick up the full bill for their treatments.

After Janet Burch, left, had a stroke, her Medicare Advantage insurer refused to pay for her nursing-home stay. Her sister Susan Orr, right, helped care for her.
© Desiree Rios for WSJ

The Journal's analysis showed end-of-life patients fleeing Medicare Advantage plans were seeking one of the most commonly denied services—nursing-home care—at a rate five times higher than peers who were continuously enrolled in traditional Medicare.

Insurers said most members are happy with their Medicare Advantage plans and may switch to traditional Medicare for other reasons. After the Journal's report, an independent research group published its own analysis showing patients with a range of serious illnesses left Medicare Advantage more often than healthy patients.

Write to Christopher Weaver at Christopher.Weaver@wsj.com

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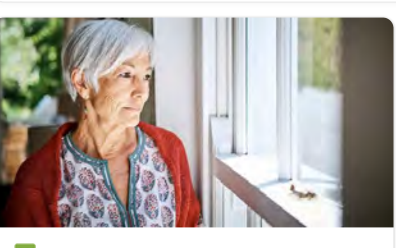

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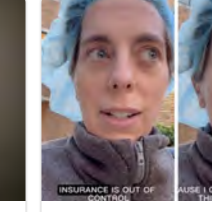

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