



For Immediate Release

Contacts: Idan Sims
Sims & Associates, Inc.
(212) 725-3838

Ole Pedersen
Jamaica Hospital Medical Center
(718) 206-6057

**UNITED HEALTH CARE AND ITS OXFORD SUBSIDIARY ACCUSED
OF VIOLATIONS OF THE U.S. RACKETEER INFLUENCED
AND CORRUPT ORGANIZATIONS ACT (RICO)
BY JAMAICA HOSPITAL AND FLUSHING HOSPITAL**

HMOs Accused of Relying on Size to Overwhelm Regulators Across the Country

New York, NY, February 6, 2007 – United Health Group, its United HealthCare and Oxford subsidiaries and several United and Oxford executives, including former United CEO William McGuire, are accused of violating the U.S. Racketeer Influenced and Corrupt Organizations (RICO) Act in a suit filed in the U.S. District Court, Eastern District of New York, by Jamaica Hospital Medical Center and Flushing Hospital Medical Center in Queens, New York.

The hospitals, in their RICO suit, accuse United Health Group (UHG) and United HealthCare and other subsidiaries of implementing a “rogue business plan” on a “national level” that, for more than three years, “has contributed to UHG’s profits, which, in turn, have been utilized in attempts to justify outlandish compensation to McGuire and to enhance the value of illegally backdated options for UHG stock” which were given to McGuire, other UHG senior executives and to managers of its business units. These included “the Individual Defendants who controlled the operation of the Insurer-HMO Enterprise to encourage the generation of excess profits by any means—including the violation of New York laws, violation of their contracts with service providers such as plaintiffs, and even the violation of their duties to their members.”

-2-

“UHG, United and Oxford have clearly established and refined a pattern of deceitful practices and myriad means to improperly retain money they owe to service providers, and to arbitrarily and unjustifiably deny payment for their members’ medical services under their plans,” said David P. Rosen, President and CEO of both hospitals.

“Our federal RICO suit starts to ‘connect the dots’ of UHG’s responsibility for United’s and Oxford’s documented egregious and indefensible avoidance of their contractual obligations to their members and service providers, and their willful disregard of regulatory authorities and their pervasive noncompliance with statutes governing their activities in multiple jurisdictions and locales around the country,” said Rosen.

The Jamaica and Flushing suit accuses UHG, United and Oxford, together with the individual defendants, of:

--Wrongful denial of coverage, often after services have been provided to patients whose admission to the hospitals was approved by United and Oxford for their members, “in intentional and systemic violation of the Public Health Laws and Insurance Laws (and thereby breach their contracts with the Hospitals) in order to reduce their financial responsibilities to hospitals and increase their own profits at the direct expense of the institutions.”

--By backdating its contract with Jamaica, (which they subsequently admitted in a sworn statement) fraudulently requiring Jamaica Hospital to remain in the United/Oxford network at the time Jamaica Hospital attempted to remove itself from the Oxford network.

--Using economic pressure that Oxford fraudulently created to coerce Jamaica Hospital and Flushing Hospital to “strong arm” a group of anesthesiologists who practiced at Flushing Hospital to join the Oxford network.

--Wrongful denial of coverage at Flushing Hospital by falsely telling their members that

-3-

Flushing Hospital was “not a network provider,” thus “allocating a greater share of the costs of the medical services as the patients’ responsibility.”

The suit also accuses UHG and Oxford of fraud, breach of contract and unjust enrichment.

“The defendants’ fraudulent business plan relied on their size to overwhelm the New York State Department of Health and numerous other regulatory agencies across the United States, using the claimed ‘complexity’ of their computer systems to excuse and camouflage the purpose of their repeated violations of law, while at the same time committing thousands of ‘little frauds’ against their members, health care consumers and their service providers,” said Michael Brown of Ohrenstein & Brown, attorneys for Jamaica Hospital and Flushing Hospital.

“United and Oxford expected that because their appeal systems were so cumbersome and the cost of litigation so great when compared to each violation of contract and law, when such violations were viewed in isolation, that the pattern of these frauds would go undetected and unpunished. When viewed in their totality, however, these “little frauds” generated tens of millions, if not hundreds of millions of dollars of unlawful profit for UHG, making their executives’ and managers’ stock options, many of which were illegally backdated, all the more valuable,” said Brown.

“The complaint sets out a clear pattern of racketeering activity perpetrated by UHG and its subsidiaries and executives in utter disregard for the insurance industry and health care regulations. Unfortunately, in the instances in which regulators levied fines and placed other sanctions against UHG and its subsidiaries for fraudulent business practices, these penalties are inconsequential for an insurance company with such huge revenues, earnings and commercial power. To prevent such illicit behavior by UHG, the company must face meaningful consequences, otherwise its total disdain for the law will continue,” said attorney Michael Brown.

He added “The pattern of disdain for the laws which are supposed to govern UHG’s

-4-

subsidiaries' conduct is exemplified by just a sample of the defendants' violations as set forth in the complaint.”

--The Attorney General of the State of New York, in a recent “consent decree,” concluded that United Health Care of New York had committed both “fraudulent business practices” and “deceptive business practices” in providing inaccurate information about the network status of approximately 141 participating providers. These acts either improperly shift to the health insurer’s members financial obligations properly belonging to the insurer or to deprive service providers of payment for services properly rendered.

--The New York State Department of Health (DOH) suspended United’s Certificate of Authority for certain important lines of business in New York for repeated citations by DOH for providing inaccurate information concerning the network status of service providers, other violations and its failure to remedy those violations. However, UHG, United and Oxford “conspired to circumvent and did circumvent DOH’s suspension of United’s Certificate of Authority by switching to Oxford the business United was prohibited from engaging in—notwithstanding that Oxford had been delegated the responsibility for undertaking many of the activities for which United was sanctioned” by DOH, according to the RICO complaint.

--The Corporation Counsel for the City of New York, representing the New York City Health and Hospitals Corporation regarding claims of certain New York City Hospitals, accused United, Oxford and other UHG subsidiaries of “systemic” improprieties involving the appropriateness of rates, claim processing and claim payment.

--The State of Nebraska Department of Insurance filed a petition charging that UHG and several of its subsidiaries, including United HealthCare, the corporate parent of United-NY, “flagrantly and in conscious disregard of Nebraska insurance Statutes and Rules and Regulations violated” more than ten Nebraska statutes governing the conduct of HMOs and their insurers.

-5-

Jamaica Hospital Medical Center:

Jamaica Hospital Medical Center (JHMC) is a 387-bed, not-for-profit teaching hospital that serves a population of over 1.2 million residents in Queens and eastern Brooklyn

JHMC offers an array of both inpatient and outpatient services including an Emergency Department and Level I Trauma Center that treats over 110,000 patients per year and features a Chest Pain Center and separate Pediatric Emergency Department. The hospital's network of Ambulatory Care Centers provides care for over 360,000 patients throughout the community every year.

JHMC also features full service departments of Medicine, Surgery, Pediatrics, Obstetrics & Gynecology and Psychiatry. The hospital's comprehensive Rehabilitation Department includes one of the only Traumatic Brain Injury (TBI) Units in the region.

For more information on Jamaica Hospital, visit www.jamaicahospital.org or call the Public Affairs Department at 718-206-6020.

Flushing Hospital Medical Center:

Founded in 1884, Flushing Hospital Medical Center (FHMC) is Queens' first hospital. The hospital today is a 293-bed not-for-profit teaching facility located in the prosperous and culturally diverse Flushing community.

FHMC offers a wide variety of services including a newly developed Emergency Department and an on-site Ambulatory Care Center offering over 40 specialty services.

The hospital boasts a comprehensive range of mental health services including inpatient and outpatient chemical dependency services and the Department of Obstetrics & Gynecology features new, state-of-the art Labor, Deliver, and Recovery Suites.

For more information about Flushing Hospital Medical Center, visit www.flushinghospital.org or call the Public Affairs Department at 718-670-5591.

###