May XX, 2021

[STATE INSURANCE COMMISSIONER]  
[ADDRESS OF STATE INSURANCE COMMISSION]

Delivered via email

Dear [STATE INSURANCE COMMISSIONER],

On behalf of [LABORATORY NAME] I write today to bring your attention to deeply concerning actions by UnitedHealthcare (UHC) to implement a new plan benefit design that will mislead patients and limit access to needed laboratory services. [BRIEF DESCRIPTION OF LABORATORY AND COMMUNITIES SERVED]. UHC’s Designated Diagnostic Provider (DDP) program, while couched in the terms of efficiency and quality, effectively creates a tiered benefit design under which patients could face higher costs for seeking testing services at certain in-network independent laboratories. Under this benefit design, UHC would reimburse diagnostic tests at a lower rate unless facilities agree to participate in and are accepted into the DDP program. The DDP program would also be limited to in-network providers, limiting patient access to laboratory services in areas with narrow laboratory networks. To date, UHC has only announced its intention to implement this plan design at the state level, subject to approval by state insurance regulators. For that reason, we urge you to oppose implementation of this program in [STATE] to protect patients from misleading health plan designs that will limit access to needed laboratory services and result in unexpected medical costs.

Earlier this year, UHC announced that it would implement the DDP with the purported goal of reducing member cost and improving transparency. Under this program as originally announced, UHC would only cover outpatient laboratory services delivered by independent or hospital laboratories that apply for and are accepted into the DDP. Per UHC, outpatient laboratory services from non-designated diagnostic providers, or those that do not apply for the program or are otherwise not accepted, would remain “in-network” with UHC but would, nonetheless, be denied as non-covered for patients with health plans that include the DDP plan design. In response to concerns raised about this plan design, on May 11, UHC [modified](https://www.uhcprovider.com/content/dam/provider/docs/public/reports/uhc-designated-diagnostic-provider_FAQ.pdf) its approach so that laboratories that are not accepted into the DDP program would be reimbursed at the lowest available tier, while remaining in-network. While this modification is an improvement compared to the initial plan design, it nonetheless creates a product in the fully insured health plan market that will limit access to needed laboratory services, create unneeded administrative burden on independent laboratories, and confuse patients whose costs for laboratory services may be unexpectedly high, despite receiving services from an in-network provider.

Because this benefit design currently only applies to UHC’s fully insured health plan portfolio, the misleading nature of this program and its negative impacts on patients should be of immediate concern to the [STATE] Insurance Commission. The DDP program is likely to have negative network adequacy implications. As you know, network adequacy is among the core consumer protections required of health plans sold on the Health Insurance Marketplaces. Patients seek care from in-network providers because they understand that this care will be covered by their plan and, frequently, in-network status is a deciding factor for where patients obtain laboratory services. Under the DDP, UHC will list laboratories as “in-network” but, in reality, the services provided by these laboratories will be covered at varying levels depending on DDP participation. This misleading plan design will confuse patients and ordering clinicians, while also limiting patient access to in-network independent laboratories. As a result, the DDP program is likely to lead to surprise bills for patients who will have sought services from an in-network provider but learn later that the provider was “in-network” in name only. The DDP program essentially creates a new, more limited network by another name, from which patients will receive unexpected medical bills despite having received services at an in-network laboratory. The DDP program undermines state and federal efforts to mitigate surprise billing and will expose patients – even those who seek services from an in-network provider – to unexpected costs.

I urge you to disallow implementation of the DDP program in products that the [STATE] Insurance Commission oversees. Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions.

Sincerely,