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Research Firm Cited by GOP Is Owned by Health Insurer

Written On July 22, 2009 By Bob Kraft

Here's a perfect example of why this blog has the title and subtitle it has. We've come to a point where we just can't trust either government or insurance companies to act in the best interests of the citizens of this country. Whatever your feelings about the proposed health insurance laws may be (and my own feelings are not at all certain), surely this little bit of news will make you unhappy with the process by which we're trying to solve our huge health care issues. As reported today by the Washington Post:

The political battle over health-care reform is waged largely with numbers, and few number-crunchers have shaped the debate as much as the Lewin Group, a consulting firm whose research has been widely cited by opponents of a public insurance option.

To Rep. Eric Cantor of Virginia, the House Republican whip, it is "the nonpartisan Lewin Group." To Republicans on the House Ways and Means Committee, it is an "independent research firm." To Sen. Orrin Hatch of Utah, the second-ranking Republican on the pivotal Finance Committee, it is "well known as one of the most nonpartisan groups in the country."

Generally left unsaid amid all the citations is that the Lewin Group is wholly owned by UnitedHealth Group, one of the nation's largest insurers.

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More specifically, the Lewin Group is part of Ingenix, a UnitedHealth subsidiary that was accused by the New York attorney general and the American Medical Association, a physician's group, of helping insurers shift medical expenses to consumers by distributing skewed data. Ingenix supplied its parent company and other insurers with data that allegedly understated the "usual and customary" doctor fees that insurers use to determine how much they will reimburse consumers for out-of-network care.

In January, UnitedHealth agreed to a $50 million settlement with the New York attorney general and a $350 million settlement with the AMA, covering conduct going back as far as 1994.

Ingenix chief executive Andrew Slavitt said the Ingenix data was never biased, but Ingenix nonetheless agreed to exit that particular line of business. "The data didn't have the appearance of independence that's necessary for it to be useful," Slavitt said.

Lewin Group Vice President John Sheils said his firm had nothing to do with the allegedly flawed Ingenix reimbursement data. Lewin has gone through "a terribly difficult adjustment" since it was bought by UnitedHealth in 2007, because the corporate ownership "does create the appearance of a conflict of interest."

"It hasn't affected . . . the work we do, and I think people who know me know that I am not a good liar," Sheils said.

Lewin's clients include the government and private groups with a variety of perspectives, including the Commonwealth Fund and the Heritage Foundation. A February report contained information that could be used to argue for a single-payer system, the approach most threatening to private insurers, Sheils noted.

But not all of the firm's reports see the light of day. For example, a study for the Blue Cross Blue Shield Association was never released, Sheils said.

“Let’s just say, sometimes studies come out that don’t show exactly what the client wants to see. And in those instances, they have [the] option to bury the study — to not release it, rather,” Sheils said.

Asked to comment, Blue Cross Blue Shield Association spokesman Brett Lieberman said, “We’re still working with Lewin on a study, and, you know, we don’t talk about our studies until they’re done.”

In testimony last month to a House committee, Lewin disclosed its affiliation with UnitedHealth and Ingenix in its written submission, but in his oral testimony he did not bring it up until asked, according to a transcript.

“The Lewin Group is committed to providing independent, objective and nonpartisan analyses of policy options,” the firm said at the front of its written submission to the Energy and Commerce Committee. “To assure the independence of its work, The Lewin Group has editorial control over all its work products,” the firm added.

Lewin produced one of the most widely cited statistics of the health care debate: That, under a particular version of a public option, the number of people with private, employer-sponsored coverage would decline by more than 100 million.

Opponents of the public option have invoked the finding as proof that offering a government-run health plan would not just create competition for private insurers — it would deprive people of their existing employer-sponsored coverage and lead to a government takeover of the health care system.

“The nonpartisan Lewin Group predicts that two out of three Americans who get their health care through their employer would lose it under the House Democrat plan,” Cantor, the second-ranking member of the House Republican leadership, said in a July 12 commentary in the Richmond Times-Dispatch.

“The independent Lewin Group analysis found that a new public plan could mean that 118 million Americans will lose their current health care coverage, and 130 million Americans could end up on a government-run health care plan," Sen. John McCain of Arizona, the 2008 Republican presidential nominee, said in a Senate speech in April.

Since then, adjusting its analysis to reflect the latest version of legislation drafted by House Democrats, Lewin has estimated that 88.1 million workers would shift from private, employer-sponsored insurance to the proposed public plan.

The Congressional Budget Office came to a different conclusion, saying that enrollment in the House Democrats' proposed public plan would total about 11 million to 12 million people.

Sheils said the CBO apparently assumes only small employers would be able to shift their workers into the proposed health insurance exchange, where individuals could shop for coverage among regulated options, while Lewin assumes that all employers could do that. The House bill would leave open ended the question of which employers would ultimately be eligible to use the exchange.

The CBO has not responded to requests for comment.

President Obama and other backers have sold the option of a government-run health plan as a check on insurers — a new source of competition that would hold them more accountable to consumers, especially in markets where industry consolidation has left little competition among private insurers. Obama has pledged that, if people like their current coverage, they will be able to keep it.

Insurance companies have been trying to block the public option, saying it would undercut their prices and put them out of business by slashing payments to doctors and hospitals.

Lewin's findings have been somewhat distorted in the political debate. The firm's analysis of the public option is far from one-sided.

As Sheils explained it to the Energy and Commerce Committee, people would opt for the public plan because they would find it more attractive — mainly because it would charge much lower premiums.

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Politicians have argued that the public plan would place bureaucrats between patients and doctors. However, Lewin wrote that, like traditional Medicare, the federal program for the elderly, a public plan would do less than private insurers to restrict medical care.

Though the millions of people Lewin was describing would lose their current employer-sponsored coverage, they wouldn't be forced into a government-run health plan, Sheils said in an interview. Rather, they would be able to choose between the government plan and other private options.

"People would indeed lose what they have, but they might very well be better off," he said.