



OFFICE OF THE ATTORNEY GENERAL

Catherine Cortez Masto, *Attorney General*
Eric Witkoski, *Consumer Advocate*

100 N. Carson Street
Carson City, Nevada 89701-4717
Telephone - (775) 684-1100
Fax - (775) 684-1108
Web - <http://ag.state.nv.us>

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CONTACT: Nicole Moon (702) 486-3379
(775) 287-7672 (cell)
nimoon@ag.state.nv.us

MASTO ANNOUNCES DIVESTITURE AND \$15 MILLION CHARITABLE CONTRIBUTION IN THE PROPOSED ACQUISITION OF SIERRA HEALTH SERVICES, INC BY UNITED HEALTH GROUP, INCORPORATED

Las Vegas, NV— Nevada Attorney General Catherine Cortez Masto announced today that her office has filed a complaint in Nevada, alleging that the proposed acquisition of Sierra Health Services, Inc. (“Sierra”) by UnitedHealth Group Incorporated (“United”) violates federal and state antitrust laws, reducing competition in the market for all Medicare Advantage products in the Las Vegas area.

The Attorney General, working in cooperation with the United States Department of Justice, will require United and Sierra to divest assets related to United’s Medicare Advantage business, including its exclusive provider network in the Las Vegas area, in order to proceed with the acquisition.

The Attorney General said that the transaction, as originally proposed, would have created a combined company controlling 94 percent of the Medicare Advantage health insurance market in the Las Vegas area and resulted in higher prices, fewer choices, and a reduction in the quality of Medicare Advantage plans purchased by senior citizens in the Las Vegas area.

The lawsuit filed today in the U.S. District Court for Las Vegas was intended to block the proposed acquisition. At the same time, the Attorney General filed a proposed settlement that, if approved by the court, would resolve the lawsuit and the Attorney General’s competitive concerns.

The transaction would have eliminated competition between United and Sierra, the first and second largest sellers of Medicare Advantage plans in the Las Vegas area, allowing United to increase prices and reduce the quality of Medicare Advantage plans sold to seniors in the Las Vegas area. Under the proposed consent decree, United must promptly divest assets relating to its Medicare Advantage business in the Las Vegas area to Humana Inc. or another purchaser approved by the Attorney General and the Justice Department.

“This divestiture and the other remedies contained in the proposed Judgment ensure that senior citizens in Nevada will continue to benefit from competition between sellers of Medicare Advantage products,” said Attorney General Cortez Masto. “My office is committed to preserving competition in the health insurance industry because this competition spurs insurers to lower prices, enhance services, and offer innovative products.”

*United/Sierra Proposed Acquisition
Press Release*

Under the terms of the proposed Judgment, current enrollees of United's Medicare Advantage plans will continue to have substantially the same access to providers, including doctors, hospitals, and other medical services, after the divestiture as before. The proposed Judgment also imposes additional conditions that are designed to facilitate the success of the divestiture and increase the quality and delivery of health care to Nevadans.

This settlement is a milestone for Nevada. "By requiring this divestiture, we have made significant strides in antitrust enforcement in the State of Nevada," Cortez Masto said. This is only the second time in history that DOJ has worked side by side with a state to compel a health insurance carrier to sell a business division. It is also the first time that an Attorney General in a state the size of Nevada has obtained divestiture and a multi-million dollar cash contribution from a health insurance giant through merger review.

"Even though we have a small staff, our office was able to bring big benefits to Nevada consumers in the proposed consent decree that increases competition and funds programs that would not have otherwise been funded," said Consumer Advocate Eric Witkoski.

"The only other state to obtain divestiture in a health insurance merger alongside DOJ has been Texas, one of the largest states in the union," Witkoski said.

Cortez Masto has also required United to contribute \$15 million to Nevada organizations and agencies to demonstrate that it will be a good corporate citizen, and that it is dedicated to improving the quality of and access to health care in Nevada.

"This cash contribution will make a difference in the lives of many Nevadans because it will restore needed medical and social services that have been affected by the latest series of budget cuts," said Cortez Masto.

As part of the cash contribution, Nevada Health and Human Services will receive \$4.5 million, restoring up to 100% of funding for health and wellness programs in Nevada including:

- Mental health triage, a program which removes the mentally ill from overflowing emergency rooms, and gets them sorely needed services. In a 2003 report, Nevada ranked worst in the nation for mental health services, and 4th for suicide rates.
- A mobile mental health clinic for Reno and Sparks which was negatively impacted in the last round of state budget cuts will be able to commence service in 2009.
- Nevada Family Resource Centers which provide immunizations, access to health care and information, and outreach to at-risk populations across the state.
- Nevada Autism Program, which provides assistance to families of children with autism spectrum disorder
- Fetal Alcohol Clinics, to fully fund 25 diagnostic clinics for fetal alcohol syndrome, one of the leading causes of mental retardation in the country.
- Community Health Nursing, which provides wellness programs, family planning, cancer screening, and other services to at-risk populations across the state.

UNLV School of Nursing will receive \$250,000 from the Attorney General Charitable Contribution, plus \$250,000 from Sierra Health Services, to fund scholarships for graduate level nursing students.

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The Southern Nevada Health District will receive \$2 million in funding to provide more than 23,000 free immunizations to dependents of employees of small businesses, and to provide 3,000 home nursing visits for at-risk families in Southern Nevada.

The only public hospital and provider of last resort in Southern Nevada, University Medical Center will receive over \$7 million to improve health care delivery and fund infrastructure improvements for the benefit of the one in five persons in Southern Nevada who are uninsured or underinsured. United has offered UMC in a separate commitment letter a two-year rate guarantee, and sweeping changes in the way claims are administered and paid, including a cash advance of over \$2 million towards old claims.

After meeting with representatives of physicians, nurses, and employers to hear their concerns, Cortez Masto has required that United take proactive measures to protect consumers, employers and medical providers in Nevada. These provisions require that:

- United's charitable contribution will fund DOI audits to ensure that all insurers live up to their promises to consumers and medical providers.
- The Governor's Consumer Healthcare Assistance program will receive funds for small employer education, and for consumer advocacy to establish benchmarks before the DOI for insurers to meet.
- United will establish and participate in a Physicians' Council to address the concerns of physicians in Nevada, to work together to improve health care delivery across the state.
- A Blue Ribbon Panel will be established to foster ongoing interactions between the Office of the Attorney General, other state agencies, and representatives of employers, insurers and health care providers in Nevada.

"We have set up a monitoring mechanism to ensure that United delivers on the promises it has made in the consent decree, including the imposition of substantial fines for noncompliance," said Cortez Masto.

Additionally, United has agreed to reimburse the Attorney General \$875,000 for attorneys fees and costs.

The Attorney General worked closely with the Justice Department in its investigation and proposed resolution of the United-Sierra merger. The Department of Justice announced today that it will require United and Sierra to divest assets related to United's Medicare Advantage business in Las Vegas in order to proceed with United's Acquisition of Sierra.

"This matter is another example of close cooperation between our Antitrust Unit in the Bureau of Consumer Protection and DOJ's Antitrust Division resulting in an outcome that protects competition and benefits consumers," said Cortez Masto. "It is through this cooperation that I can most efficiently use the state's antitrust enforcement resources to obtain the best results possible."

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