

June 10, 2009

Board of Trustees
UFCW Local 227 Health and Welfare Plan Trust
320 Whittington Pkwy, Suite 205
Louisville, KY 40222

Dear UFCW Board of Trustees:

I am writing this letter on behalf of the over 5,000 practicing physicians in Kentucky regarding the collection practices of Health Research Insights, Inc. (HRI), which has been contracted by the United Food and Commercial Workers Union (UFCW). As you know, the UFCW operates a self-funded health benefit plan and HRI has been hired to collect what HRI unilaterally deems to be "overpayments" made to physicians by the UFCW health benefit plan. We believe the collection tactics used by HRI do not comply with good business practices and jeopardize physicians' willingness to treat UFCW members after they have been victimized by HRI and remain concerned about subjecting themselves to further harassment.

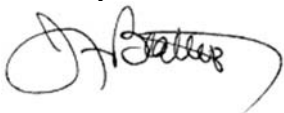
As background, physicians who treat UFCW members submit claims for the services rendered and those claims are then paid. HRI allegedly performs a claims analysis to determine that some claims that have already been paid to physicians were "incorrectly billed." How the company reaches such a determination without ever reviewing medical records or medical documentation is not explained in the company's letters to physicians. The letter then provides an amount that the physician practice is to pay for the alleged "overbilling," typically on claims from 2005 or 2006, far beyond both state and federal recoupment limits. The fact that no medical documentation is reviewed prior to a letter demanding money being issued makes the entire system highly suspect.

The collection activities instituted by HRI, however, are more troubling. In a standard letter sent to physician practices, HRI clearly states that payment must be made in order for the physician to comply with the Employee Retirement Income Security Act (ERISA), as well as the "Comprehensive Crime Control Act of 1984." This suggests that failure to pay is a violation of federal criminal law. Such an assertion is a gross misrepresentation designed to intimidate physicians into paying the amount set out in the letter. The collection letter goes on to state that if no one contacts HRI about the matter, "a Complaint may be filed with the Employee Benefits Security Administration..." Again, this is a misrepresentation designed to intimidate physician practices into paying since that agency has no jurisdiction over physician practices. Finally, physician offices that do not pay the amount in the letter receive harassing phone calls from the company. Such tactics are simply outrageous.

Some physician practices that have contacted KMA are considering dropping services to UFCW members because of the harassment and additional administrative burden put on their practices by HRI. Before we consider what legal action might be taken in this matter or whether to file a complaint with the Kentucky Attorney General, we felt the need to contact the UFCW Board of Trustees about this matter and attempt to have it resolved so our members can continue to treat UFCW members without fear of harassment from HRI.

Thank you for your consideration of this matter.

Sincerely,



James F. Beattie, MD
President, Kentucky Medical Association