



August 1, 2015

Elizabeth Dudek
Secretary, Agency for Health Care Administration
2727 Mahan Dr.
Tallahassee, FL 32308

Dear Secretary Dudek:

UnitedHealthcare of Florida Community Plan (UHC) supports your clear affirmation that providing beneficiaries with access to high quality health care is Medicaid's primary purpose. We also fully appreciate the tenacity and commitment that your team has exhibited in recent months as the State transitions to a statewide managed care program. We value our partnership with the State and remain committed to working with you to create a rate environment that is grounded in robust data analytics and transparency across all stakeholders.

As is the case across the health care industry, medical inflation continues to plague the Medicaid market and, when combined with limited public resources, creates complex financial barriers to providing care for the Medicaid population. The State's policy decisions and rate setting methodologies should foster competitive negotiations in the market while also recognizing that the inherent limitations of Medicaid's public financing mechanisms skew these market dynamics and, over time, damage the structural integrity of the program. Accordingly, we look forward to working with you to secure long-term funding and financing mechanisms that ensure the availability of and timely access to services, adequate provider networks, and coordination and continuity of care, while also protecting limited public resources.

Beyond evaluating the market dynamics that currently impact hospital contracting and other cost drivers in Florida's Medicaid market, UnitedHealth Group also welcomes the opportunity to have a more robust dialogue about our payment reform initiatives. As managed care becomes the primary delivery and financing mechanism in Florida's Medicaid program, we must ensure that funding and incentives for quality are aligned. Because we are committed to providing our members with scientifically proven, clinically appropriate, and high value health care we are spending \$40 billion a year nationally through our value-based contracts across all segments, and we want to boost that spending to \$65 billion by 2018. Accordingly, we look forward to working with you to implement innovative strategies to modernize quality incentives and contracting principles throughout Florida's Medicaid program.

As requested, UHC hereby certifies that the vast majority of its hospital contracts meet the Agency's thresholds. UHC has recently terminated two hospital contracts (effective 9/2/15) that exceed these thresholds, and, in the limited cases where UHC's terms with hospitals have resulted in a total contract value that exceeds these thresholds, UHC is seeking to immediately

remediate those relationships, including evaluating the need to terminate them. Remaining exceptions include regions of the state where providers maintain a market position such that if we did not contract with them at their demanded rate, it would negate our ability to manage the care of our member and may be detrimental to their health. UHC looks forward to addressing these circumstances specifically with you.

We look forward to continuing our robust partnership in tackling these important issues that impact all stakeholders in the Medicaid program and would welcome the opportunity to discuss these issues with you in more detail.

Sincerely,

Michael S. Lawton
Chief Executive Officer
United Healthcare
Community & State Plan of Florida