



News Release

US DEPARTMENT OF LABOR SUES WISCONSIN-BASED THIRD-PARTY CLAIMS ADMINISTRATOR FOR DENYING MEDICAL CLAIMS FOR THOUSANDS OF PARTICIPANTS

Investigation finds UMR Inc. violates ACA, ERISA

MADISON, WI – The U.S. Department of Labor has filed suit against the nation’s largest third-party medical claims administrator for routinely denying healthcare claims for emergency room services and urinary drug screening for at least 2,136 self-funded employee welfare benefit plans.

On July 31, 2023, the department filed a complaint against Wausau-based UMR Inc., a subsidiary of UnitedHealth Group Inc. of Minneapolis, in the U.S. District Court for the Western District of Wisconsin, which seeks reimbursement to plan participants whose claims were denied improperly by UMR from January 2015 to present, and an injunction to prevent the company from improperly denying claims across the country.

UMR provides third-party administrative services for self-funded plans nationwide and serves more than five million participants with custom health plan designs, claim and claims-related services.

An investigation by the department’s Employee Benefits Security Administration alleges UMR’s procedures for adjudicating emergency room claims relied solely on diagnosis codes and did not comply with the “prudent layperson” standard in the Affordable Care Act and the Employee Retirement Income Security Act. The investigation also found that UMR denied nearly all urinary drug screening claims without reviewing the claims for medical necessity.

“UMR’s actions denied thousands of participants payment of medically necessary claims and claims where the participants sought treatment in what they believe to be an emergency,” explained Regional Director for the Employee Benefits Security Administration Ruben R. Chapa in Chicago. “The Department of Labor is committed to ensuring that participants in employee benefit plans receive the services that they have contracted for to meet their and their families’ medical needs.”

UMR is a named fiduciary to the self-funded employee welfare benefit plans for the purpose of deciding claim determinations. The plans’ healthcare benefits are funded directly from the plan’s assets or the sponsoring employer and are not funded through insurance policies. The self-funded employee welfare benefit plans contracted directly with UMR for administrative service arrangements. UMR provides network access, management, and administration; claim recovery services and subrogation; fraud and abuse management; processing of initial benefit determinations; processing first and second level internal appeals; and pays claims.

“The Department of Labor will take all necessary legal action to ensure fiduciaries and service providers comply with the standards of the Affordable Care Act and the Employee Retirement Income Security Act,” said Regional Solicitor of Labor Christine Heri in Chicago. “UMR’s alleged decision to deny claims violated its obligation as a fiduciary under its administrative service plan documents and the law.”

Su v. UMR Inc.

U.S. District Court, Western District of Wisconsin

Civil Action No: 23-CV-513

Agency: Employee Benefits Security Administration

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