

EXHIBIT 2

Nevada jury: Health insurers owe ER doctors \$60M in damages

By Ken Ritter | AP

December 7, 2021 at 10:31 p.m. EST



LAS VEGAS — One of the largest U.S. health insurance companies and its branches in Nevada were found liable Tuesday for \$60 million in punitive damages for underpaying out-of-network emergency medical providers.

A state court jury said three plaintiffs headed by urgent care staffing service TeamHealth should each receive shares of \$20 million from Connecticut-based United Healthcare Insurance Co. and five subsidiaries, including the two dominant providers in the Las Vegas area: Sierra Health and Life Insurance Co., and Health Plan of Nevada Inc.

“They were able to get away with this until now,” plaintiffs’ attorney John Zavitsanos told the eight jurors who last week awarded \$2.65 million in compensatory damages to plaintiffs Fremont Emergency Services (Mandavia) Ltd., Team Physicians of Nevada-Mandavia PC and the parent company of Ruby Crest Emergency Medicine.

Appeals are expected. Daniel Polsenberg, a Las Vegas attorney representing defendants, asked Clark County District Court Judge Nancy Alf to schedule post-verdict hearings. No dates were immediately set.

Although attorneys were prohibited in court from telling the jury who might end up paying monetary damages, a company statement after the verdict suggested the costs could be passed to others.

“Everyone agrees health care costs too much, and today’s decision only adds to the problem,” said the statement, provided by Dustin Clark, communications vice president for parent company United Healthcare.

“We will be appealing this decision immediately in order to protect our customers and members from private equity-backed physician staffing companies who demand unreasonable and anticompetitive rates for their services and drive up the cost of care for everyone,” the statement said.

Case 6:21-cv-00425-JDK Document 41-2 Filed 12/17/21 Page 3 of 4 PageID #: 355
Zavitsanos and Houston-based law partner Joseph Ahmad had asked for punitive damages of between \$100 million and \$1 billion from United Healthcare. They characterized the parent company, UnitedHealth Group, as a “Fortune 5” member, among the largest businesses in the nation.

“The only thing they understand is money,” Zavitsanos said, as he called for jurors to send a message that defendants also including United Healthcare Insurance Co., United Health Care Services Inc. and UMR Inc. harmed doctors, anesthesiologists and nurses.

Dr. Scott Scherr, emergency department director at Sunrise Hospital & Medical Center in Las Vegas and regional medical director of TeamHealth, testified during the monthlong trial. He expressed relief after the verdicts.

“A jury of my peers realized the value of emergency medicine in Nevada,” said Scherr, who headed trauma teams treating critically injured victims after the deadliest mass shooting in modern U.S. history in October 2017 at a Las Vegas Strip concert. Fifty-eight people died that night; hundreds were injured.

“I hope this sends a message to United Healthcare about the importance of our frontline workers,” Scherr said.

In emergency rooms, where patients cannot by law be turned away, attending medical care providers treating sore throats, broken ankles, heart attacks and gunshot wounds may not be covered by patients’ insurance plans.

Testimony showed that United Healthcare cut reimbursements to out-of-network providers by more than half from 2017 to 2020 — from \$528 to \$246.

“For too long United just thought they could do whatever they wanted,” Zavatsanos said after the jury was dismissed. “Despite enormous efforts by TeamHealth to have legislators and people in the industry listen, it took eight ordinary citizens to hopefully bring about more change than anything that has been done to date.”

He added: “This today is a victory for all of the frontline heroes in Nevada, front line emergency room workers, physician assistants and nurse practitioners.”

In court, attorney K Lee Blalack II, representing defendants, reminded jurors that the compensatory damages award they reached with their Nov. 29 liability verdict represented about one-fourth of the \$10.4 million in disputed billing charges at the heart the breach-of-contract case.

“My clients heard you loud and clear,” he said, adding that he hoped the jury would conduct an equally careful analysis on Tuesday. Jurors deliberated about two hours.

Conceding that punitive damages were on the table, Blalack called \$5.5 million a “reasonable sum” for what he said amounted to “a payment dispute between big companies.”

The civil lawsuit was filed in April 2019 by Fremont and the two other groups representing out-of-network providers at hospitals in and around Las Vegas, and in the rural Nevada cities of Fallon and Elko.

Rebecca Paradise, United Healthcare’s senior vice president for out-of-network payment strategy, underwent intense and repetitive questioning by Ahmed on Tuesday about the effect of the verdict on her company.

In more than an hour of testimony, Paradise refused to specify any changes administrators might make to billing practices based on a verdict she called “impactful” but said had been reached only a week ago.

United Healthcare has tens of millions of insurance policyholders in the U.S.

“I’m not saying I agree or disagree. The verdict is the verdict,” Paradise said. “We believe we are paying fair and reasonable rates. The jury found otherwise in this case and we will have to evaluate that. We need to understand what that means going forward.”

Ahmed showed the jury that while cutting reimbursement rates, the insurer reaped billions of dollars in profits and bought back stock shares, driving up prices for company executives and shareholders.

Wayne Dolcefino, a Houston-based media consultant and former journalist who closely monitored the Nevada trial, said he was aware of similar reimbursement lawsuits pending in states including Arizona, Florida, New Jersey, New York, Oklahoma, Pennsylvania and Texas.

This version corrects that United Health Care Insurance is one of the largest health insurance companies in the U.S., not the largest.

