



How physicians are paid

Our compensation to physicians who offer health care services to our insured members or enrollees may be based on a variety of payment mechanisms such as fee-for-service payments, salary or capitation. Bonuses may be used with these various types of payment methods. If you desire additional information about our methods of paying physicians, or if you want to know which method(s) apply to your physician: Employers, please contact your broker or UnitedHealthcare representative; Members, please call the number, or write to the address, on your health plan ID card.

This table shows definitions of how insurance carriers may pay physicians for our health care services with a simple example of how each payment mechanism works.

Methods of paying physicians

The example shows how Dr. Jones, an obstetrician gynecologist, would be compensated under each method of payment.

Salary

A physician is an employee of the HMO and is paid compensation (monetary wages) for providing specific health care services.

Example

Since Dr. Jones is an employee of an HMO, she receives her usual bi-weekly salary regardless of how many patients she sees or the number of services she provides. During the months of providing prenatal care to Mrs. Smith, who is a member of the HMO, Dr. Jones' salary is unchanged. Although Mrs. Smith's baby is delivered by Cesarean section, a more complicated procedure than a vaginal delivery, the method of delivery will not have any effect upon Dr. Jones' salary.

Capitation

A physician (or group of physicians) is paid a fixed amount of money per month by an HMO for each patient who chooses the physician(s) to be his or her doctor. Payment is fixed without regard to the volume of services that an individual patient requires.

Example

Under this type of contractual arrangement, Dr. Jones participates in an HMO network. She is not employed by the HMO. Her contract with the HMO stipulates that she is paid a certain amount each month for patients who select her as their doctor. Since Mrs. Smith is a member of the HMO, Dr. Jones' monthly payment does not change as a result of her providing ongoing care to Mrs. Smith. The capitation amount paid to Dr. Jones is the same whether or not Mrs. Smith requires obstetric services.

Fee-for-service

A physician charges a fee for each patient visit, medical procedure, or medical service provided. An HMO pays the entire fee for physicians it has under contract and an insurer pays all or part of that fee, depending on the type of coverage. The patient is expected to pay the remainder.

Example

Dr. Jones' contract with the insurer or HMO states that Dr. Jones will be paid a fee for each patient visit and each service she provides. The amount of payment Dr. Jones receives will depend upon the number, types, and complexity of services, and the time she spends providing services to Mrs. Smith. Because Cesarean deliveries are more complicated than vaginal deliveries, Dr. Jones is paid more to deliver Mrs. Smith's baby than she would be paid for a vaginal delivery. Mrs. Smith may be responsible for paying some portion of Dr. Jones' bill.

The Chesapeake Life Insurance Company Golden Rule Insurance Company
MAMSI Life and Health Insurance Company
MD-Individual Practice Association, Inc.
Mid-West National Life Insurance Company of Tennessee Optimum Choice, Inc. UnitedHealthcare Insurance Company
UnitedHealthcare Life Insurance Company
UnitedHealthcare of the Mid-Atlantic, Inc.
continued



Discounted Fee-for-service	Example
Payment is less than the rate usually received by the physician for each patient visit, medical procedure, or service. This arrangement is the result of an agreement between the payer, who gets lower costs, and the physician, who usually gets an increased volume of patients.	Like fee-for-service, this type of contractual arrangement involves the insurer or HMO paying Dr. Jones for each patient visit and each delivery; but, under this arrangement, the rate, agreed upon in advance, is less than Dr. Jones' usual fee. Dr. Jones expects that in exchange for agreeing to accept a reduced rate, she will serve a certain number of patients. For each procedure that she performs, Dr. Jones will be paid a discounted rate by the insurer or HMO.
Bonus	Example
A physician is paid an additional amount over what he or she is paid under salary, capitation, fee-for-service, or other type of payment arrangement. Bonuses may be based on many factors, including member satisfaction, quality of care, control of costs, and use of services.	An HMO rewards its physician staff or contracted physicians who have demonstrated higher-than-average quality and productivity. Because Dr. Jones has delivered so many babies and she has been rated highly by her patients and fellow physicians, Dr. Jones will receive a monetary award in addition to her usual payment.
Case Rate	Example
The HMO or insurer and the physician agree in advance that payment will cover a combination of services provided by both the physician and hospital for an episode of care.	This type of arrangement stipulates how much an insurer or HMO will pay for a patient's obstetric services. All office visits for prenatal and postnatal care, as well as the delivery and hospital-related charges, are covered by one fee. Dr. Jones, the hospital and other providers (such as an anesthesiologist) will divide payment from the insurer or HMO for the care provided to Mrs. Smith.

MD-Individual Practice Association, Inc. (M.D. IPA) compensated 7% of its participating physicians through capitation and 93% through discounted fee-for-service. In calendar year 2025, M.D. IPA did not include a bonus in its compensation method.

Optimum Choice, Inc. (OCI) compensated 7% of its participating physicians through capitation and 93% through discounted fee-for-service. In calendar year 2025, OCI did not include a bonus in its compensation method.

MAMSI Life and Health Insurance Company (MLH) compensated 100% of its participating physicians through discounted fee-for-service. In calendar year 2025, MLH did not include a bonus in its compensation method.

UnitedHealthcare of the Mid-Atlantic, Inc. and UnitedHealthcare Insurance Company compensated 100% of its participating physicians through a discounted fee-for-service. In calendar year 2025, UnitedHealthcare of the Mid-Atlantic, Inc. and UnitedHealthcare Insurance Company did not include a bonus in the compensation method.

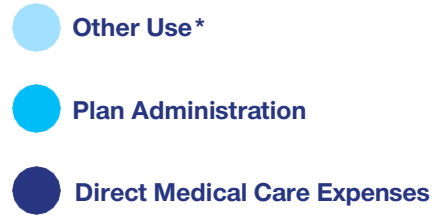
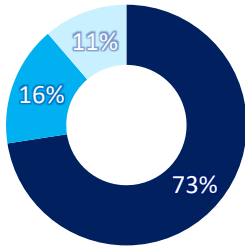
The Chesapeake Life Insurance Company, Golden Rule Insurance Company, Mid-West National Life Insurance Company of Tennessee, and UnitedHealthcare Life Insurance Company compensated 100% of their participating physicians through discounted fee-for-service.

UnitedHealthcare dental compensated 100% of its participating dental providers through discounted fee-for-service.

UnitedHealthcare vision compensated 100% of its participating vision providers through a fee-for-service schedule.

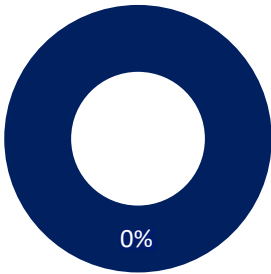
Premium Dollar Distribution Disclosure—2025

Optimum Choice, Inc.



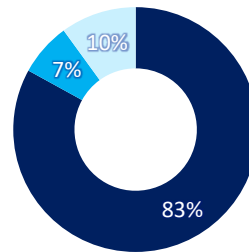
Note: This means that in calendar year 2025, for every \$100 collected in premium, \$72.56 went to direct medical care expenses, \$16.15 went to plan administration and \$11.29 went to other use.*

MD-Individual Practice Association, Inc.



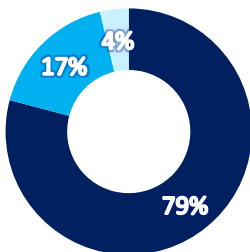
Note: This means that in calendar year 2025, MDIPA did not write any business in MD. Any financial activity is retroactivity related to prior years.

UnitedHealthcare Insurance Company



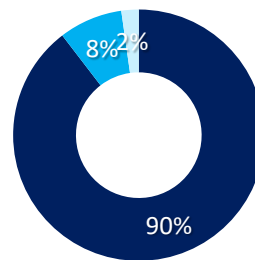
Note: This means that in calendar year 2025, for every \$100 collected in premium, \$83.22 went to direct medical care expenses, \$6.56 went to plan administration and \$10.22 went to other use.*

MAMSI Life and Health Insurance Company



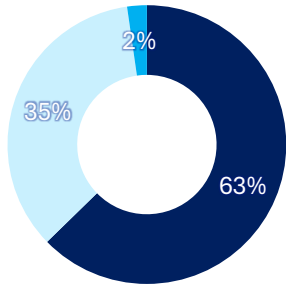
Note: This means that in calendar year 2025, for every \$100 collected in premium, \$79.11 went to direct medical care expenses, \$17.13 went to plan administration and \$3.76 went to other use.*

UnitedHealthcare of the Mid-Atlantic, Inc.

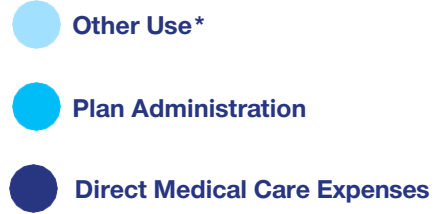


Note: This means that in calendar year 2025, for every \$100 collected in premium, \$90 went to direct medical care expenses, \$8 went to plan administration and \$2 went to other use.*

Golden Rule Insurance Company

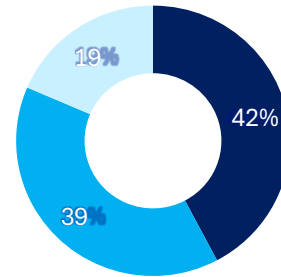


Note: This means that in calendar year 2025, for every \$100 collected in premium, \$62.70 went to direct medical care expenses, \$35.02 went to plan administration and \$2.28 went to other use.*



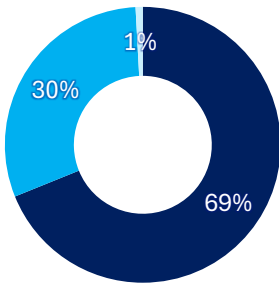
Note: This means that in calendar year 2025, for every \$100 collected in premium, \$68.88 went to direct medical care expenses, \$30.28 went to plan administration and \$0.84 went to other use.*

The Chesapeake Life Insurance Company



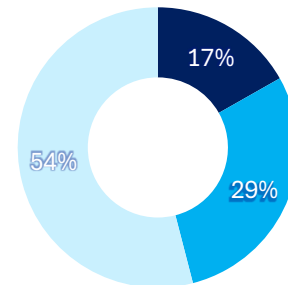
Note: This means that in calendar year 2025, for every \$100 collected in premium, \$42.25 went to direct medical care expenses, \$39.20 went to plan administration and \$18.55 went to other use.*

UnitedHealthcare Life Insurance Company



Note: This means that in calendar year 2025, for every \$100 collected in premium, \$68.88 went to direct medical care expenses, \$30.28 went to plan administration and \$0.84 went to other use.*

Mid-West National Life Insurance Company of Tennessee



Note: This means that in calendar year 2025, for every \$100 collected in premium, \$16.79 went to direct medical care expenses, \$29.18 went to plan administration and \$54.03 went to other use.*

- The Chesapeake Life Insurance Company
- Golden Rule Insurance Company
- MAMSI Life and Health Insurance Company
- MD-Individual Practice Association, Inc.
- Mid-West National Life Insurance Company of Tennessee
- Optimum Choice, Inc.
- UnitedHealthcare Insurance Company
- UnitedHealthcare Life Insurance Company
- UnitedHealthcare of the Mid-Atlantic, Inc.

*Other items represent any remaining expenses that are categorized outside the hospital/medical benefits and general administrative expenses per the Statement of Revenue and Expenses. The examples of such items include investment income, capital gains (losses), miscellaneous expenses (fines & penalties, if any) and federal income tax, etc.

UnitedHealthcare vision coverage provided by or through UnitedHealthcare Insurance Company, located in Hartford, Connecticut or its affiliates. Administrative services provided by Spectera, Inc., United HealthCare Services, Inc. or their affiliates. This policy has exclusions, limitations and terms under which the policy may be continued in force or discontinued. For costs and complete details of the coverage, contact either your broker or UnitedHealthcare Insurance Company. UnitedHealthcare dental coverage underwritten by UnitedHealthcare Insurance Company, located in Hartford, Connecticut or its affiliates. Administrative services provided by Dental Benefit Providers, Inc., United HealthCare Services, Inc. or their affiliates. Benefits for the UnitedHealthcare dental DHMO plans are provided by Dental Benefit Providers of Illinois, Inc. The Select DHMO plan is underwritten by Dominion Dental Services, Inc. Dominion is licensed as a Limited Health Care Services HMO in Virginia, Pennsylvania and a Dental Plan Organization in Maryland and Delaware. This policy has exclusions, limitations and terms under which the policy may be continued in force or discontinued. For costs and complete details of the coverage, contact either your broker or the company. Insurance coverage provided by or through UnitedHealthcare Insurance Company, MAMSI Life and Health Insurance Company or their affiliates. Administrative services provided by United HealthCare Services, Inc. or their affiliates. Health Plan coverage provided by or through UnitedHealthcare of the Mid-Atlantic, Inc. and MD-Individual Practice Association, Inc. (MD-IPA), and Optimum Choice, Inc.