

# [Wellpoint inc](https://assignbuster.com/wellpoint-inc/)

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Introduction There have been concerns in recent times about the future of the industry and especially how debt reduction plans by the US government. This worry is based on the fear that such reduction of Medicare reimbursement and this is likely to affect their margins. Other issues which continue to dominate the industry are the effect of the Obama health reforms. But these companies have also acted in an illegal and unethical way which have led to consumer outrage and attracted fines. Generally, there are no major differences in the way these two companies conduct their business or in the clientele they target. WellPoint WellPoint is one of the biggest companies in health care insurance and continues to use several strategies to survive the stiff competition and remain a top player in the competitive industry.

The company has operations in most American cities including Mane, Kentucky, Ney York and even Washington D. C. One of the ways the company’s hopes to attract and retain clients is through innovative products and simplification of procedures (Wellpoint, 2011). WellPoint’s practices shows their continued belief that politics plays a crucial role in the future of the industry and their financial performance. They have contributed heavily to elections of persons they feel represents the well being of the industry with the larger percentage going to republican candidates.

They have also lobbied in one way or another for support against their effort to oppose the Obama health reforms. This is because the plan would reduce their profits by reducing the number of policy holders who would be covered by government funded coverage. Well point through its subsidiary Anthem Blue cross has increased their premiums consistently in their bid to continue a trend of improved profitability. In Maine Anthem sought an 18% increment on their premiums’ arguing that such a move is necessary to maintain their targeted 3% profitability level. The State declined the request and granted10% rise with the premise that in these hard times, the company should seek to improve profitability through cost cutting rather than burdening their policy holders. The company has had a 400% increase in its premiums over the last decade alone.

The company tries to cultivate good will among the public by helping those who cannot afford coverage by media outlets have said their efforts are not enough. One of the negative issues which have threatened to erode Well point’s position in the market is the issue of unfair cancellation of member’s claim. One particular accusation is their Singling of women with recent diagnosis of breast cancer for cancellation through their main subsidiary, Anthem Blue Cross. This issue raised some fundamental questions regarding the practice of some insurance companies as they pursue profit in a manner that unfairly jeopardizes the well being of its policy holders. This move drew strong criticism from media and society with the president calling upon well point to cease the practice and make immediate amends. The company made amend by paying damages to affected parties and reinstating all the unfairly cancelled policy holders.

Another accusation against the company was their alleged actions which coerced employees to oppose the Obama coverage in a manner that contradicts the California labor code. United HealthCare United Health care is a Minnesota based insurance company offering diverse products in health care and well being. The company has operations across the country and is one of the leading health coverage providers in the United States. It has increased profitability through diversification of its products portfolio through its two subsidiaries, United HealthCare and Optum. The company has won several awards for excellence in different areas .

This include best healthy care provider among its peers, quick remittance of claims when they are due among others. They also have one of the best customer service department with a strong online presence which facilitates communication between clients and staff (Unitted health Care, 2011). Like its competitor, Well point, the company spent a considerable amount of money funding politicians and lobbying for legislations perceived to be favorable to the industry. The amount spent on such activities is significantly lesser than those spent by its competitor. The company has also faced several legal and social issues regarding its practices which have resulted into payment of damages and some fines.

The management of the firm came under strong accusations in 2006 for backdating stock options amounting to millions of dollars(All American Public Adjusters, 2011). The company was also sued in a class action with allegations of unfair influence and wrongful conduct in its operations and that of its subsidiaries. There was also an allegation by New York’s State Attorney General which accused the company of lowering customary rates. This alleged manipulation in prices led to an agreement to finance an entity charged with establishing fair pricing of customary rates. Fierce Healthcare (2011) asserts that United have had to pay a 12 million settlement following an investigation into claim payment since several complaints were lodged against the firm.

These acts and many others show that the insurance industry has a habit of acting in bad faith and sometimes contravening the law in a way which affects the consumers negatively. This unfair rate determination cuts out people with little income and is one of the main reasons why millions of people opt out of taking such policies. Conclusion Both WellPoint and United HealthCare are industry leaders and have different products targeting all persons regardless of income or age. There have been several issues which have affected profitability and growth of the industry and some of these issues include debt reductions and the Obama health reforms. Both companies continue to finance lobbying for legislations which are favorable to the industry. Their actions continue to draw public outrage and will continue leading to huge financial settlements due to bad and unfair practices.