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Congressman Lee M. Zeldin

First Congressional District of New York

December 07, 2015

The Honorable Loretta Lynch
Attorney General
U.S. Department of Justice
Robert F. Kennedy Building
950 Pennsylvania Ave, NW
Washington, DC 20530

Dear Attorney General Lynch:

I am writing to urge your immediate attention and action on an important issue facing over 11,000 of my constituents in Suffolk County, and many more across New York. Health Republic Insurance of New York has become financially insolvent and has been directed to cease writing policies as they will no longer be able to provide health insurance past December 31, 2015. More recently, however, we learned that the problem was worse than originally expected, and on November 30, 2015, coverage for some 200,000 New York State residents was discontinued.

As this story continues to unfold, we are learning that this collapse was imminent. In 2014, when Health Republic sought a 15 percent rate increase, which was among the highest rate increases sought by an insurer, many alarms should have sounded. We have seen reports stating that Health Republic may have in fact filed false financial reports to mask the company's financial woes. As allegations of fraudulent activity—such as improperly denying policy holder benefits that are due—surrounding Health Republic continue to become known, it is of critical importance that a full investigation be commenced to uncover any criminal actions that may have been taken by Health Republic officials.

Even more egregious is the fact that patients, doctors, and hospitals are already being severely impacted by Health Republic's actions. Some physicians have even reported that checks they have received from the insurance company bounced due to insufficient funds. If Health Republic officials knowingly sent out checks to healthcare providers without having the sufficient funds to cover those checks, swift and immediate action must be taken to hold these individuals accountable and to ensure this does not happen again.

A recent survey of 800 physicians in New York showed that 43 percent of doctors are owed outstanding fees from Health Republic; nearly eight percent of physicians reported being owed \$25,000 or more. Health Republic received nearly \$250 million in federal loans, yet physicians,

hospitals, and pharmacies are owed hundreds upon thousands of dollars in reimbursable expenses.

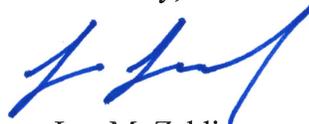
As a result of the lack of reimbursements, many physicians have been unable to provide necessary treatment and care to patients. Reports have been circulated alleging that patients have had appointments postponed, changed or even canceled due to the uncertainty surrounding reimbursements. For example, a constituent from my district who receives treatment for cancer at Sloan Kettering had to plead with her doctors and insurance company to change the dates of required follow-up appointments as a result of the downfall of Health Republic. While she was able to reschedule her appointment, it is more than likely that the hospital that treated her will never be compensated for the services they provided. This level of incompetency is unacceptable.

Hundreds of millions of taxpayer dollars have been lost through no fault of the American public, yet they are the ones who bear the consequences of Health Republic's failure. In our current financial situation, the government of the United States is not in a position to be spending money wastefully, and appropriate measures should be taken to both remedy the loss of funding, and to ensure waste like this does not occur again.

As a result of this failure, many of my constituents are forced to make yet another change to their healthcare, while many questions remain unanswered. I respectfully request that a thorough criminal investigation be launched in order to determine what, if any, illegal actions led to the largest co-op health provider in New York State failing. While Congress will likely hold their own hearings into the potential wrongdoings of Health Republic, the Department of Justice can investigate any potential criminal actions that led to the downfall of another health provider. In addition to investigating whether or not any criminal action took place, an investigation must also include ways in which the government can recover the funds lost during this undertaking. A full and fair inquiry into this situation must take place to stop further failures and to ensure best practices are utilized going forward so more Americans are not negatively impacted.

Thank you in advance for your consideration and for your service.

Sincerely,



Lee M. Zeldin
Member of Congress