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CONSUMER ALERT

## What if your disability benefits were suddenly cut off?

A Dateline NBC Investigation

NBC News

**Oct. 16 – Insurance - we buy it for peace of mind to cover our homes, our health, our lives. Millions of Americans have disability insurance to help replace lost income in case of a serious illness or injury. If you can't work, those benefits may be crucial for you and your family. But what if, suddenly, unexpectedly, your benefits were cut off? That's what happened to the people in this story. We found some startling charges against the biggest disability insurance provider in the country. Correspondent John Larson reports in this Dateline Investigation.**

IT BEGAN ON a stretch of Interstate 40 in Albuquerque, New Mexico in February of 1998 - a car salesman swerves to avoid some rocks, and the world suddenly turns upside down.

"The nurses and all the physicians they were saying, 'Do you have any feeling? Can you move your legs?'" says John Montano. "And I kept telling them, 'I can't feel anything from the chest down.'"

The accident had severed John Montano's spinal cord. Although he was spared some limited use of his arms, he's considered a quadriplegic - paralyzed for life.

And what lay ahead could hardly have looked worse. Unable to work or support his family, Montano faced losing everything. But like millions of Americans, he had prepared for just such a disaster. He had paid \$59 a month for disability insurance, which promised if he was ever too sick or too injured to keep working, it would help replace his lost income. The checks began arriving as promised, but after two years he got a shocking letter. His disability benefits were being cut off.

"I was scared", says Montano. "I was frightened. I go, 'Well, there's got to be a mistake.'"

But there was no mistake. Montano's insurance company had decided that despite his paralysis he no longer deserved benefits. So what was going on? Sources tell Dateline that what happened to John Montano may have been part of something much larger. a dateline investigation into whether the largest disability carrier in the United States - Unum provident - launched a company-wide effort to cut costs aggressively, and in the process, unfairly denied benefits, selling out people it promised to protect.

"They just basically cut me off and that was it," says Montano.

In Montano's case, UnumProvident claimed to have good reason. It said it had "surveillance tape," that Montano had "improved immensely" and he should go back to work selling cars.

Was there any way that Montano was faking his quadriplegia?

"Absolutely not. There's no way," says Dr. Jonathan Burg, Montano's doctor. He says the records are clear, Montano is a quadriplegic.

**John Larson:** "Did you tell the company, look I'll take any test you want me to take?"

**John Montano:** "Yes."

**John Larson:** "And so did they do that? Did they evaluate you?"

**John Montano:** "No, I didn't hear back from them."

The disability and life insurance industry says it faces \$1.5 billion in fraudulent claims every year. So you can understand why it might investigate Montano's claim. But when UnumProvident finally shared its surveillance tape Dr. Burg says it showed nothing new - just John Montano driving his specially-equipped van, demonstrating what everyone already knew: Montano had a limited use of his upper arms. In a letter to UnumProvident, Dr. Burg stated "by all standards this man is completely and totally disabled."

Meanwhile, his benefits cut off, Montano spiraled towards bankruptcy. His wife had divorced him after the accident. Now faced with losing his home and his children, he says he became suicidal.

**John Larson:** "It sounds like it was pretty close."

**John Montano:** "Yes, yes."

So how could something like this happen? Some people say they know.

These three former UnumProvident employees tell a disturbing story of a company obsessed with finding excuses to cut off benefits.

"They have to literally fight to get their benefits," says one.

**John Larson:** "Did you feel pressure to close claims?"

**Former employee:** "Absolutely."

They asked Dateline to conceal their identities because they're afraid of reprisals.

**Former employee:** "Find ways to close claims. Just look so very carefully to find anything that will disqualify them from the claim."

**Former employee:** "They even gave incentives."

**John Larson:** "Incentives how?"

**Former employee:** "Incentives for closing claims. If we projected that we were going to close 30, if we get to 30 we'll have a pizza party or we'll have an ice cream party."

Would the company pressure employees to terminate claims? Financial reports show that in 1993, the company was losing millions. Then came new management and a complete reversal. It began making millions. How did they do it? UnumProvident says by restructuring and making smart business decisions.

But internal documents suggest the company had a new game plan to help it deny as many claims as it could.

Dr. William Feist, was one of Provident's two staff physicians when new management took over in 1993. He left the company two years later. Here in a deposition, he describes under oath how the company changed.

Dr. Feist said: "There was no concern for the individual. It was just bottom line. If we can terminate this file, we're going to do it."

Dr. Feist says the company first began targeting the policyholders who were costing the company the most money at meetings called 'roundtables.'

"The object of the roundtable was to cut off the high dollar claims," says Feist.

UnumProvident urged Dateline not to believe Dr. Feist, saying his knowledge of the company is outdated, and that he has twice signed affidavits which included false information. Dr. Feist says they were simple mistakes. And remember, Dr. Feist isn't the only one speaking out.

"It became a witch hunt," says one.

These people say they encountered similar roundtables years later.

**Former employee:** "It was all looking for loopholes to close the claim."

**John Larson:** "And if you can't do it, we have a team of experts here to figure out how you can."

**Former employee:** "It was mandatory. Even if you didn't have a claim, you'd better find one."

They say most vulnerable were policyholders with so-called subjective illnesses - illnesses that don't show up on x-rays or MRI's, like mental illness, chronic pain, migraines or even Parkinsons.

**Former employee:** "So they're fatigued. Prove it. So they've got achy joints. Prove it. Why can't they work?"

**John Larson:** "And if they can't prove it?"

**Former employee:** "They're out of there."

**John Larson:** "Denied."

**Former employee:** "Denied."

And they are not the only ones saying this. In all, ten UnumProvident employees agreed to speak with Dateline, but only if we promised not to reveal their names. We can tell you this about them - their jobs range from claim representatives all the way up to vice presidents. Some left the company on their own, some were fired, and some still work at Unum provident. But all have described the same atmosphere - one of intense pressure coming from management down to employees - pressure to cut off benefits to policyholders.

Dateline also searched thousands of pages of internal corporate documents and court records and found evidence that appears to back up what they say.

This is a series of internal monthly reports that show company savings seem to be growing - the result of cutting claims - "terminated claims have reached a record level."

And we found evidence that suggests the company set goals for cutting claims, deciding ahead of time how many claims should be denied. Like this 1995 top-level memo. It spells out a company-wide goal to terminate \$132 million in claims.

An internal e-mail from last year alerted a group of adjusters they have one week to close "18 more" claims to meet "our projections". These people say if they didn't meet their projections, they'd have what they called 'fire drills' - intensive efforts to find claims to close.

**John Larson:** "The image is of a fire drill. A bell goes off. Everybody rallies to a cause. What was the cause?"

**Former employee:** "The cause was looking for opportunities to close a file."

**John Larson:** "Deny claims."

**Former employee:** "Deny claims."

Unum Provident would not agree to an on-camera interview, but vehemently denies that it sets goals to terminate claims. In a letter to Dateline, it says it does "estimate claim results" to "project a business plan into the future" -— which may have been "mischaracterized or misinterpreted by others." Also, it says that it will pay "3.6 billion in benefits...this year." And that of all the people who filed claims with UnumProvident last year, only 2% were found to be not disabled. And, it says it has "a consistent record in paying claims."

UnumProvident is more than just claims people and managers, it's also doctors - over 100 of them - doctors sworn to do no harm. Wouldn't a Unum Provident doctor stop the company from cutting off disabled people? Not according to this policy holder.

"If I could have every wish in the world, I'd wish that I could teach again and see my kids get older. Two wishes," says Rosemary Wright.

Once a healthy, vibrant school teacher from Illinois, Rosemary Wright began suffering from a progressive, fatal form of emphysema. Even the smallest activity can leave her gasping for breath.

Her doctors say the kind of emphysema Wright has is genetic, it's not from smoking. The same disease had already killed her younger brother and now it's killing her.

When Wright became too sick to teach, Unum Provident began paying her disability benefits. But two years later, just as in John Montano's case, the company cut her off.

"I opened that letter and I couldn't believe it," says Wright. "I thought, Why? I mean this must be a mistake."

Unum Provident based its decision on the opinion of a UnumProvident staff doctor who not only never examined Wright in person, but disregarded the opinions of Wright's two doctors - both lung specialists who had examined her and found her "totally and completely disabled."

So how could a UnumProvident doctor help cut her off? Dr. Fergal McSharry, who doesn't know Rosemary Wright, worked for Unum Provident for a year and a half. He says it is more about the system than the doctor.

**John Larson:** "Doctor, were they interested in your honest, objective medical opinion?"

**Dr. McSharry:** "No."

McSharry says doctors at UnumProvident were pressured to write narrow medical reports to help the company deny benefits.

**Dr. McSharry:** "We were a means to an end."

**John Larson:** "And the end was?"

**Dr. McSharry:** "The end was denial."

And if too many of their opinions favored the claimants, McSharry says doctors would be reprimanded - in his case, by his boss.

**Dr. McSharry:** "I was told I had fallen off the career path."

**John Larson:** "What did you feel you had to do to get back on their career path?"

**Dr. McSharry:** "You know I was just going to have to do more of what the claims people wanted me to do."

**John Larson:** "And what was that?"

**Dr. McSharry:** "That was to make it easy for them to deny the claim."

Dr. McSharry says like other doctors who work at UnumProvident, he succumbed to the pressure.

**John Larson:** "Did you ever change a medical opinion because you were being pressured?"

**Dr. McSharry:** "Yes. I did."

**John Larson:** "These were cases where in your best medical opinion, you thought these people were either sick or impaired, or disabled. You reversed your own best judgment?"

**Dr. McSharry:** "I did that. I didn't want to lose my job. I didn't want to upset everybody around me and I tried to play within the rules."

McSharry says he did it only a couple of times and vowed never to do it again. Even so, if what he's saying is true, they got his medical soul.

"Yes. I'm only human," he says. "I you know, I gave in. Once or twice. I just hope I didn't hurt somebody too badly."

UnumProvident says it doesn't pressure doctors to terminate claims. So what happened to Dr. McSharry? He was fired from Unum Provident for what the company calls "poor performance." It also says Dr. McSharry was forced to resign from other jobs for similar reasons.

But McSharry says that losing those other jobs had nothing to do with his performance, and the real reason he was fired from UnumProvident was that he began standing up to the company, refusing to play along.

In fact, five of Dateline's sources back up Dr. McSharry's story - specifically that doctors were pressured to help cut off benefits. Dr. McSharry is now suing UnumProvident.

**Dr. McSharry:** "I don't have a problem with people setting targets as long as those targets are reasonable and don't hurt people."

**John Larson:** "Were these targets reasonable?"

**Dr. McSharry:** "No, not at all."

**John Larson:** "Did they hurt people?"

**Dr. McSharry:** "They hurt people every day."

"They didn't just take the money away from me," says Rosemary Wright. "But they took a sense of dignity away from me."

After Unum Provident ended her disability payments, Rosemary Wright says she was forced to begin spending money she had saved for a lung transplant just to cover living expenses. Wright sued the Unum Provident, which suddenly reversed itself, reimbursed her back benefits and began paying her again. But Wright has not dropped her lawsuit, and says the stress took its toll.

"I wasn't sleeping," says Wright. "You know I was a wreck and yes, last year was the sickest year I've ever had. I believe they robbed me of a whole year of my life."

As for John Montano, the quadriplegic, he also filed suit against Unum Provident and the company settled with him for an undisclosed amount of money.

**John Larson:** "In the end what was this company's promise worth?"

**John Montano:** "To me, nothing. Their word, the way they operated, they're totally unethical."

UnumProvident says it regrets how it handled the cases of Wright and Montano, but says they are exceptions. It also says it handles 400,000 new claims a year and it does "on occasion, make a mistake".

Yet, in the eyes of at least one insurance commissioner, it may be more than an occasional mistake.

"There are some substantial problem areas," says the Georgia Insurance Commissioner John Oxendine.

He told Dateline that he began investigating UnumProvident's disability practices more than a year ago. He says his investigation should be complete by the end of the year.

"Unless something radical changes, there probably will be some disciplinary action based on what we have already found," he says.

Unum Provident says any problems in Georgia represent a small percentage of their overall claims, and it will do what is necessary to correct these issues.

In the end, both Montano and Wright say no one should be treated the way they were treated — cut off, abandoned by a company that had promised if the worst ever happened, it would be there for them, "It's like stealing," says John Montano. "They should be held accountable for that."