

WellPoint Agrees To Pay \$11.8M To California Hospitals Over Health Insurance Policy Cancellations

by Medical-News-Today

WellPoint on Monday agreed to pay \$11.8 million to about 480 private and public hospitals in California to resolve allegations that subsidiary Anthem Blue Cross failed to pay the bills of patients who had their health insurance policies canceled after they received treatment, the Los Angeles Times reports (Girion, Los Angeles Times, 7/8). In 2006, the hospitals filed a class-action lawsuit against WellPoint over allegations that Anthem illegally conducted investigations of patient medical histories to find pre-existing medical conditions and application inconsistencies to rescind their policies after they filed expensive claims (Gullo, Bloomberg/Houston Chronicle, 7/7). Under the settlement, which requires approval by Los Angeles County Superior Court Judge Peter Lichtman, the hospitals also agreed to end payment collections from patients for the disputed bills, according to Daron Toooh, an attorney for the hospitals (Los Angeles Times, 7/8). Toooh added that the patients will receive compensation for all out-of-pocket costs associated with their treatments (Bloomberg/Houston Chronicle, 7/7). Glenn Solomon, an attorney for the hospitals, in a statement said that the cancellation of policies after patients receive necessary treatment causes a "great deal of financial stress" to them and to the hospitals (Indianapolis Star, 7/8).

State Investigation In related news, California Department of Managed Health Care officials have announced plans to examine the canceled health insurance policies of about 1,770 state residents to determine whether they can issue a larger fine against Anthem than the \$1 million penalty announced in March 2007, the AP/San Francisco Chronicle reports. The department did not attempt to enforce the fine because of concerns about the lengthy legal proceedings. Each policy cancellation could result in a fine of as much as \$200,000, department officials said. DMHC Director Cindy Ehnes said, "The terrible practice of rescissions has caused irreparable harm to consumers by making some individuals responsible for large medical bills and hindering their ability to get and keep health coverage," adding, "Our goal is to fight for the consumer in each and every case and to use all enforcement authority available under state law." Ehnes said the department also will examine the cancellation of the policies of 400 state residents under Blue Shield of California (Tayefe Mohajer, AP/San Francisco Chronicle, 7/8).

© 2008 MediLexicon International Ltd

WellPoint Agrees To Pay \$11.8M To California Hospitals Over Health Insurance Policy Cancellations by Medical-News-Today