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Blue Cross of California Agrees to Settle Patients' Suits

The state's largest health insurer has agreed to settle claims it illegally dropped patients from their coverage plans after they got sick, according to a published report.

Several patients sued Blue Cross of California earlier this year claiming the company failed to pay their medical bills and canceled their coverage after authorizing treatment. The plaintiffs said they were left with hefty hospital bills, some exceeding \$100,000.

The Los Angeles Times reported Wednesday that lawyers involved in the cases confirmed they were resolved.

The dollar amounts of the settlements remained confidential, but attorney William Shernoff, who represents many of the plaintiffs, said his clients wouldn't have to worry about their medical bills ever again.

"Every one of our clients is pleased," he said.

In exchange for the money, the patients said they'd drop allegations Blue Cross ended their coverage to avoid paying for treatment.

State law prohibits retroactive cancellations unless there is evidence that the person receiving treatment lied or failed to disclose a preexisting condition.

Blue Cross, owned by Indianapolis-based WellPoint Inc, contends it is allowed to drop policyholders regardless of whether medical history omissions are intentional. The industry says the power to revoke policies is necessary to combat fraud.

At least five other health insurers face similar lawsuits filed by customers. In recent weeks, two state agencies that oversee the health insurance industry have expanded investigations into its business practices.