

## **Blue Shield accused of illegally canceling policies**

In August 2004, Ana Simoes underwent gallbladder surgery at San Antonio Community Hospital in Upland, fully expecting her bills to be paid.

Her husband, Augustine Simoes, had bought a policy from Blue Shield of California in 2003 that covered both longtime Ontario residents and business owners.

But similar to complaints filed by other holders against a different company several months ago, Blue Shield rescinded Simoes' plan shortly after claims were submitted, blaming the cancellation on prior health conditions that weren't disclosed by Augustine Simoes.

"They left me hanging," he said. "Where do you go from here? It was pretty disappointing."

The decision by the insurance company prompted the couple to file a lawsuit Thursday, along with five others who filed separate lawsuits, charging that the company has an "illegal and unfair scheme of rescinding individual health plan contracts in response to claims made by plan members."

A spokeswoman for Blue Shield of California parent company California Physicians Service Inc. could not comment because the company has not yet seen the complaints.

According to the Simoes' lawsuit, after Blue Shield pre-authorized all procedures and hospitalization for Ana, the company notified the couple it was reviewing their medical history.

Augustine Simoes filled out a medical application with the assistance of an agent, but due to his partial understanding of English did not completely understand all of the questions, according to the lawsuit. The Simoes are Portugal immigrants.

The other lawsuits also allege problems with the questionnaire, saying that it "is designed to trap innocent persons into making misstatements and omissions" to justify terminating policies.

A month after Ana Simoes underwent the surgery, Blue Shield rescinded the policy, stating that Augustine Simoes failed to disclose his high blood glucose and cholesterol levels as well as other medical issues. The couple was then on the hook for \$60,000, and the company also asked for \$636 in claims it had already paid.

William Shernoff, attorney with Claremont-based Shernoff, Bidart and Darras, LLP, said that all the complaints show a pattern of canceling policies only after holders become ill.

"Instead of investigating at the outset, they wait until the patient has medical treatment and then after treatment look to see if they can find a discrepancy and not pay," Shernoff said.

Shernoff is also involved in lawsuits filed in March against Blue Cross, Life & Health Insurance Co. and its parent company, Wellpoint Health Networks Inc., alleging similar complaints.

Blue Cross and attorneys are now involved in mediation, and Shernoff declined to comment further on the previous lawsuits.

The state Department of Insurance and Department of Managed Health Care are investigating the complaints against Blue Cross, which is expected to be completed in two months.

On Friday, Managed Health Care spokeswoman Lynne Randolph said the department is also investigating Kaiser Permanente for similar complaints and have added the Blue Shield complaints to its overall investigation.

Meanwhile, the Simoes, who recently moved to Corona while maintaining a business in Ontario, are trying to untangle Ana Simoes' ruined credit.

At first "it was a disaster, every time the phone rang it was a collector," said Augustine Simoes, though creditors were eventually told by their Blue Shield agent to back off. "I just want all these bills to be paid, and Ana's credit fixed. I hope I'm the last guy to have to go through this."