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## **BLUE CROSS SETTLES LAWSUITS**

### **Patients claimed they were dumped by their insurer**

Blue Cross of California has agreed to settle a series of lawsuits filed by patients who say they were illegally dumped by the insurer when they needed treatment, according to an attorney in Southern California.

Terms of the 70 settled cases, which were all handled by the Claremont (Los Angeles County) law firm of Shernoff, Bidart & Darras, were undisclosed.

Blue Cross is one of several insurers, including Blue Shield of California and Kaiser Permanente, accused of unfairly dropping some individual policyholders who failed to disclose previous health conditions. Critics of the insurers say the companies failed to distinguish between those who knowingly falsified their health histories and those who inadvertently omitted some information.

State regulators last month fined Blue Cross \$200,000 for unlawfully rescinding a member's policy.

"Blue Cross is doing the right thing by resolving these cases and being willing to change their practices so this kind of thing doesn't happen or is minimized," said William Shernoff, who represents many plaintiffs.

The settlement resolves all the firm's cases against Blue Cross. But several against Blue Shield and Health Net remain outstanding, he said.

Blue Cross officials declined to confirm that any cases were settled, saying that the parties were still in mediation. Blue Cross spokeswoman Shannon Troughton said rescission, though used infrequently, is a lawful tool for insurers who believe members have misrepresented their health status.

The state Department of Managed Health Care expects to take further enforcement action regarding insurers' rescission policies, said Jan Mendoza, spokeswoman for the department. She declined to comment on the settlements.

In addition to fining Blue Cross, the department earlier this month ordered Kaiser to reinstate a longtime member who was dropped.

The parties reached a confidential settlement, according to the plaintiff's attorney, Brian Devine of San Francisco.

Consumer advocates said settlements and fines don't go far enough.

"Blue Cross settling these 70 lawsuits doesn't protect tens and thousands of Californians at risk," said Jerry Flanagan of the Foundation for Taxpayer and Consumer Rights. "The only way to do this is for the regulators to establish new rules."