

FOR IMMEDIATE RELEASE
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DMHC settles lawsuit against Prime Healthcare to remove last challenge to state ban on balance billing of patients

(Sacramento) -- The Department of Managed Health Care (DMHC) has announced that it has settled its lawsuit, *People vs. Prime Healthcare Services (Prime)*, against the hospital system accused of balance billing HMO patients for emergency services received at its hospitals. The action brings closure to a legal challenge to the Schwarzenegger Administration's successful efforts to strengthen the law prohibiting balance billing that protect patients from being caught in the middle of billing disputes between health plans and health care providers.

"Consumers who purchase health coverage in good faith will know, once and for all, that it will cover them in a medical emergency and they will not fall victim to a crushing medical debt that they legally do not owe," said Cindy Ehnes, Director of the California Department of Managed Health Care. "Although the DMHC was poised to take the case through to trial, settling the case allowed us to serve the greater public good with Prime's commitment to shield consumers from further instances of balance billing and to provide free essential health care services to needy communities."

In the settlement, Prime agreed not to balance bill any health plan enrollee; not to assign any current unpaid balance bills to collection; audit their records for the prior six years to determine whether any enrollees paid balance bills; and provide refunds with interest.

Additionally, the settlement requires Prime to donate \$1.2 million to California community clinics to provide health care services in the state's neediest areas.

In 2006, Governor Schwarzenegger ordered the DMHC in an Executive Order to protect consumers from any further instances of balance billing. In October 2008, the DMHC prohibited balance billing by regulation, defining it as an unfair payment practice, and therefore, against the law. The DMHC also significantly contributed to arguments leading to the unanimous 2009 California Supreme Court ruling in *Prospect Medical Group vs. Northridge Emergency Physicians*, declaring that balance billing patients by emergency room doctors was prohibited.

(more)

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The DMHC filed the Prime lawsuit in 2008, when it continued to receive complaints from providers and consumers about instances of balance billing for emergency room services. At one point, also in 2008, Prime was accused of sending letters to approximately 3,700 patients, threatening to send them to collections if they did not pay, which most did not rightfully owe under the law.

Consumers can contact the DMHC's Help Center for assistance in obtaining a refund if they believe they have paid a bill from Prime Healthcare which they feel they did not rightfully owe, in order to avoid collection proceedings. The Help Center can be accessed at 1-888-466-2219 or at www.healthhelp.ca.gov.

The California Department of Managed Health Care is the only stand-alone HMO watchdog agency in the nation, touching the lives of more than 21 million enrollees. The DMHC has assisted more than 800,000 Californians resolve their HMO problems through its Help Center, educates consumers on health care rights and responsibilities, has recovered more than \$21 million in payments owed to providers, and works closely with HMO plans to ensure a solvent and stable managed health care system.

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