

NEWS BREAK

March 27, 2009

CMA Files Class Action Suit Against WellPoint for Defrauding Patients and Physicians

CMA Press Release, March 25, 2009

Insurer Participates in Black Box Scheme to Shortchange Patients and Doctors

Sacramento – The California Medical Association and the American Medical Association have joined individual physicians and other state medical groups to file a class action lawsuit against health insurance company WellPoint, Inc. The lawsuit, filed March 25, 2009 in Los Angeles federal court, alleges that WellPoint colluded with Ingenix, a unit of United Health Group, on a price-fixing scheme that relied on an obscure database to set artificially low reimbursement rates for out-of-network care.

“Health insurers are data manipulating to set rates artificially low, forcing patients to pay more than they bargained for when they go to a doctor of their choice,” said Dr. Dev GnanaDev, CMA president. “This undermines the patient choice that insurers promise when they tout their PPO products and under-compensates doctors for the care they provide.”

WellPoint – which operates as Blue Cross in California – is legally bound to pay the usual and customary amount for care provided to their enrollees by an out of network physician. Patients pay any additional amounts over and above what WellPoint decides to pay for those services. To determine these rates, WellPoint uses a database run by Ingenix, a company owned and operated by United Health Group, another health insurance company.

A recent investigation by New York Attorney General Andrew Cuomo concluded that the Ingenix data is intentionally manipulated to allow health plans to scam physicians by shortchanging reimbursements on medical bills. A WellPoint executive acknowledged “conflicts of interest in the Ingenix database,” and the company agreed to pay \$10 million to help fund a new database run by an independent non-profit organization to replace Ingenix. The company also agreed to quit feeding data into Ingenix and use the new system once it is up and running. The settlement with Cuomo did not seek redress for patients and doctors.

“As health care costs continue to rise, insurers appear to be scheming to find ways to shift resources to their bottom line rather than towards the health care of their enrollees. The CMA will continue fighting to obtain relief for patients and physicians who were harmed by the systemic flaws of the conflict ridden Ingenix database,” Dr. GnanaDev said.

The CMA and AMA have filed this litigation in partnership with the Medical Association of Connecticut, Georgia, North Carolina and the individual plaintiffs Dr. Stephen D. Henry and Dr. James G. Schwendig.

To view the complaint please follow this link or contact MMCMS:
http://www.calphys.org/assets/applets/Wellpoint_Doc.pdf (the actual complaint starts on page 5 of the document ... the initial pages related to court filing info).

NORCAL CME Presentation Physician Stress and Burnout: Caring for the Caregiver

Spouses/Life Partners are Encouraged to Attend!!!

You should have already received an invitation in the mail for the CME Presentation that is being held Wednesday, April 29, 2009. We would like to remind you that Spouses/Life Partners are encouraged to attend. MMCMS Members, NORCAL Insureds and Spouses/Life Partners are welcome to attend for no charge. Non-members and their Spouses/Life Partners are welcome to attend for \$20.00 per person to help cover the cost of dinner. If you need a copy of the flyer please follow this link
[http://www.mmcms.org/media/April\\$2029\\$2C\\$202009.pdf](http://www.mmcms.org/media/April$2029$2C$202009.pdf) or contact MMCMS.

Also, please remember to complete and return the pre-activity survey by April 20, 2009!!! If you need a copy of the pre-activity survey please follow this link
[http://www.mmcms.org/media/April\\$2029\\$2C\\$202009\\$20Survey.pdf](http://www.mmcms.org/media/April$2029$2C$202009$20Survey.pdf) or contact MMCMS.

