Hooper, Lundy & Bookman Negotiates Class Action Settlement with Health Net: California Hospitals to Receive at Least $1.95 million

Los Angeles - On behalf of the California Hospital Association and all California hospitals, Hooper, Lundy and Bookman, Inc. (HLB) has negotiated a class action settlement with Health Net of California and Health Net Life Insurance Company, relating to the rescission of patients’ policies. Under the settlement, Health Net has agreed to pay at least $1.95 million to settle claims with hospitals that did not receive payments following rescissions.

The settlement is the result of extensive negotiations that have been ongoing between HLB and Health Net since July 2008, and covers rescissions by Health Net that occurred between February 2004 and October 2007. (Case No. BC414389).

"We are very pleased to have come to an agreement with Health Net that results in hospitals receiving substantial payments for the previously unreimbursed services that they provided to Health Net members who were rescinded," said HLB partner and co-lead counsel, Glenn Solomon. "We believe that Health Net did the right thing here and appreciate its cooperation in reaching a mutually acceptable settlement."

Under terms of the Settlement Agreement that was preliminarily approved by the court today, Health Net will establish a Facility Compensation Fund and mechanisms to reimburse hospitals for the services they provided to rescinded members. In addition, Health Net will provide each affected hospital with a list of the patients whose policies were rescinded so that the hospitals and the patients can receive closure regarding the rescissions.

"The practice of rescinding patients’ policies after the patient has received medically necessary services has caused a great deal of financial stress to both the patients and the hospitals that provide those services. This settlement goes a long way towards compensating the hospitals for those services," said HLB attorney and co-lead counsel, Daron Tooch.

For copies of the complaint and the settlement agreement see our website at www.health-law.com.

About Hooper, Lundy & Bookman: Founded in 1987, Hooper, Lundy & Bookman is the largest full service law practice in the country dedicated solely to the representation of healthcare providers. With offices in Los Angeles, San Francisco and San Diego, and clients in 49 states, we meet the business, litigation and regulatory needs of a broad array of healthcare providers--ranging from the largest national healthcare organizations to community hospitals and individual physician practices.