WASHINGTON, D.C. – The United States has partially intervened in a qui tam or whistleblower suit brought against a Pittsburgh insurance company alleging that the firm caused the filing of false Medicare claims, the Department of Justice announced today. Highmark, Inc. is alleged to have knowingly underpaid the amounts due for care of certain Medicare beneficiaries under employer group health plans insured or administered by the company.

Highmark is a private insurance company that provides health insurance to individuals covered under various employer group health plans. The company also acts as the administrator for other self-insured plans, processing claims and making claims payment determinations. In addition, Highmark has subsidiaries that contract with the Department of Health and Human Services (HHS) to process Medicare claims.

In September, 1998, Highmark paid $38.5 million to settle claims that its corporate predecessor, Pennsylvania Blue Shield, violated the False Claims Act by obstructing Medicare audits of the company's performance as a federal health care program contractor by failing to properly process claims or recover overpayments and also failing to properly screen certain Medicare claims before payment.

The suit, originally filed by Elizabeth Drescher, an employee of Highmark, alleged that she was directed in early 1996 to oversee the company's compliance with a 1995 agreement between the government and a number of Blue Cross and Blue Shield plans, including predecessors of Highmark, regarding the manner in which they processed what are known as Medicare Secondary Payer (MSP) claims. Those are claims for certain Medicare beneficiaries where employer group health plans, not Medicare, are responsible for the primary payment of the claims, and Medicare is merely the secondary payer, paying for such items as deductibles not covered by the private insurance. The settlement was intended to address situations where Blue Cross and Blue Shield plans improperly underpaid the claims of Medicare beneficiaries and contained procedures aimed at avoiding similar problems in the future. Ms. Drescher's duties evolved into oversight of Highmark's MSP compliance generally.
The suit alleges that concerns about Highmark's MSP compliance were widely known within the company. According to the relator's suit, a Highmark Senior Vice President in September 1998 presented the problems with MSP compliance and estimates of potential liability to the company's executive committee, including the chief executive officer of the company. The company reportedly estimated its MSP liability at that point were in excess of $20 million.

After announcing that it would fix the problem, Drescher says the company demoted her and removed her from all responsibility for MSP matters. She subsequently filed suit against the company on behalf of the United States. The government intends to file an amended complaint against defendant Highmark.

The case is entitled United States ex rel. Drescher v. Highmark, Inc., et al., Civ. No. 00-CV-3513 (E.D. Pa.).

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