San Clemente, Calif. — July 7, 2016 — On June 30, 2016, national behavioral health service provider Sovereign Health filed a lawsuit against Health Net, Inc. and several of the insurer’s affiliates (collectively, “Health Net”) for unlawfully refusing to reimburse roughly $55 million in medically necessary services that Sovereign Health rendered to Health Net insureds. According to the complaint, the case is not about an isolated coverage dispute, but rather the insurer’s attack against the entire rehabilitation industry. A copy of the complaint is available here.

COMPLAINT AGAINST HEALTH NET

The complaint alleges that Health Net “engaged in a disgraceful scheme to enrich themselves by backtracking on their insurance promises to recovering addicts and the mentally ill at the expense of providers.” Sovereign Health was affected when the insurer began denying the provider’s claims without regard to governing law, fair business practices, or common decency. While Health Net had always failed to reimburse Sovereign Health in full, it paid only 36 percent of Sovereign Health’s claims in 2015 and a mere 3 percent in 2016, resulting in a massive $55 million receivable for the provider.

Sovereign Health is not the only one suffering en masse claim denials at the hands of Health Net. Trade press reports that the insurer has also refused to pay scores of other rehabilitation treatment centers throughout California for rehabilitation services, prompting the DMHC to open a new investigation into Health Net this year. The industry-wide denials reflect Health Net’s latest choice in “a sad pattern of prioritizing dollars over decency,” which has resulted in the authorities’ repeated need to discipline the insurer. Previously, California’s Department of Managed Health Care imposed fines on Health Net for two separate instances of misconduct, and the Los Angeles City Attorney filed a lawsuit.

According to the complaint, Health Net’s denials were done arbitrarily, discriminatorily, and in bad faith. In addition to monetary damages, Sovereign Health seeks equitable relief that would put an
end to Health Net’s unlawful, unfair, and deceptive conduct. The case is currently pending in Los Angeles Superior Court and is brought by members and business partners of the Sovereign Health family.
About Sovereign Health
Sovereign Health’s mission is to provide a broad spectrum of high-quality behavioral health treatment services for adults and adolescents, including support services for family members. One factor that differentiates Sovereign from other treatment providers has been the company’s ability to offer separate mental health and addiction or dual diagnosis treatment programs at its facilities. For more information, visit www.sovhealth.com.

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