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Federal Court Rules that UnitedHealth Group Subsidiary Illegally Denied Mental Health and Substance Use Coverage to Tens of Thousands of Patients – Including Thousands of Children

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*Landmark Class Action Challenged Proprietary Guidelines Used
by Nation's Largest Insurer*



A federal court in San Francisco ruled today that United Behavioral Health (UBH), a subsidiary of UnitedHealth Group (NYSE: UNH), used flawed

and overly-restrictive internal guidelines in denying mental health and substance use disorder coverage claims for tens of thousands of patients, many of whom are children. The ruling is groundbreaking, both for Zuckerman Spaeder LLP's effort on behalf of clients to systematically challenge the insurance industry's discriminatory treatment of behavioral health claims, and for the more than 50,000 plaintiffs the firm represented in this class action lawsuit.

The decision comes after an October 2017 trial before Chief Magistrate Judge Joseph C. Spero of the U.S. District Court for the Northern District of California, who considered two consolidated lawsuits—*Wit, et. al. v. UnitedHealthcare et. al.* and *Alexander, et al. v. United Behavioral Health*—brought by Zuckerman Spaeder on behalf of mental health and substance use disorder patients and their families. These lawsuits are at the vanguard of the firm's nationwide effort on behalf of clients to force insurer compliance with their fiduciary duties under federal law.

Zuckerman Spaeder partner D. Brian Hufford, who heads the firm's health care practice and has been on the case from the beginning, commented, "This is a monumental win for mental health patients, who face widespread discrimination in attempting to get the coverage they were promised and that the law requires. For the first time, an insurer was forced to stand trial for denying

thousands of mental health and substance use disorder claims, and the court delivered a strong message: what you're doing is harmful and illegal, and it must end."

Zuckerman Spaeder, along with co-counsel Meiram Bendat of Psych-Appeal, successfully argued that UBH violated its fiduciary obligations under the Employee Retirement Income Security Act (ERISA) by systematically denying coverage for behavioral health treatment based on the use of "medical necessity" criteria that overemphasize acute mental health and substance use disorder symptoms, while disregarding chronic or complex conditions. In doing so, the court determined that the company effectively ignored the terms of the written insurance plan documents it was supposed to interpret, instead making coverage decisions based on flawed, internally-developed guidelines.

The Court's decision highlights many ways in which UBH's guidelines were inconsistent with generally accepted standards of care, including with regard to coverage for children and adolescents. As the Court found, "one of the most troubling aspects of UBH's Guidelines is their failure to address in any meaningful way the different standards that apply to children and adolescents with respect to the treatment of mental health and substance use disorders."

Zuckerman Spaeder partner Jason Cowart said, "United is not alone in this sort of behavior — manipulating internal and/or proprietary coverage criteria to increase claim denials is a widespread industry practice. Our cases demonstrate that even though the written terms of a health plan may appear adequate and lawful, many insurers make nearly all coverage decisions based on internal guidelines. The court's ruling reveals how important those guidelines are. Hopefully, it will serve as a warning

to all insurers that their internal guidelines are subject to judicial review.”

Under the direction of Mr. Hufford and Mr. Cowart, the firm recently achieved three other class certifications and multiple settlements in mental health-related lawsuits, with the *Wit/Alexander* class certification decision being positively cited in the court rulings. Their trial team has been led by [Caroline Reynolds](#), [Carl Kravitz](#), [Aitan Goelman](#), and [Adam Abelson](#).

The mental health effort is part of Zuckerman Spaeder’s national practice representing patients and health care providers in disputes with health insurance companies. The practice’s groundbreaking application of ERISA and other related federal and state laws has resulted in numerous precedent-setting wins, including two of the largest recoveries ever obtained in health insurance class actions. The firm’s cases have received high-level support from former U.S. Representative Patrick Kennedy and the U.S. Department of Labor, which has filed four amicus briefs supporting Zuckerman Spaeder cases in the Second, Third, Fifth and Eighth Circuit Courts of Appeals, with the firm obtaining successful decisions each time.

Ms. Reynolds remarked, “Even as we accelerate our efforts to help patients enforce their rights against insurers, it’s clear that private lawsuits alone won’t bring widespread change to health care. This ruling has identified deceptive and discriminatory practices in the insurance industry, and it demonstrates the need for regulators to step up and demand accountability.”

— Health Care

— D. Brian Hufford

— Jason S. Cowart

— Caroline E. Reynolds

— Carl S. Kravitz

— Aitan D. Goelman

— Adam Abelson

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