

California Insurance Commissioner Says Anthem Blue Cross Violated California Law More Than 700 Times

Just when you thought the bad news for Anthem Blue Cross (“Anthem”) could not get any worse, it does. According to an [article](#) by Duke Helfand appearing in today’s Los Angeles Times, California Insurance Commissioner Steve Poizner reported that Anthem, California’s largest for-profit health insurer, violated California law more than 700 times over a three-year period by failing to pay medical claims on time and misrepresenting policy provisions to customers.

Anthem could face fines of up to \$7 million stemming from the alleged violations from 2006 to 2009. Poizner said that Anthem repeatedly failed to respond to state regulators in a “reasonable time” as they investigated complaints over the last year.



“We believe there is evidence to suggest there are serious issues with how Anthem Blue Cross pays claims,” Poizner said at a Sacramento news conference. “Most disturbing to us is that they don’t even respond” to the Department of Insurance “in a timely way.”

Anthem’s parent company, WellPoint Inc., said that it had not seen the enforcement action but would cooperate fully with Poizner to resolve the matter “in the best interests” of its policyholders.

“We take the issues raised by Commissioner Poizner very seriously,” Anthem said in a statement. “As the largest insurer in California, our responsibility is to pay the many millions of claims on behalf of our members each year fairly, fully and promptly.

As reported in this blog, WellPoint and Anthem have faced intense criticism from consumers, regulators, members of Congress and the Obama administration over rate hike proposals of as much as 39% for customers with individual policies in California. Lawmakers in Sacramento and Washington are holding hearings this week on the increases, which have been postponed until May 1 amid the outcry.

The rate hikes would affect many of the 800,000 individual policyholders in California.

According to Poizner, nearly 40% of the violations in the Anthem case, 277, stem from allegations that the company failed to pay patient claims within 30 days as required by state law, officials said.

Poizner’s office filed the enforcement action against Anthem on Monday with the Office of Administrative Hearings. An administrative law judge will hear the matter. Each violation carries a maximum penalty of \$10,000.



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