



FOR IMMEDIATE RELEASE
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BLUE CROSS BLUE SHIELD \$10 MILLION FINE DESERVES FURTHER SCRUTINY

(Wichita Falls, TX, March 10, 2020) – Attorneys for Knox County Hospital say the state’s \$10 million fine of Blue Cross Blue Shield (BCBS) for mishandling out-of-network emergency claims and providing incorrect information to consumers demonstrates that a much broader review of BCBS is merited. The Texas Department of Insurance (TDI) announced Friday that the fine reflects that there were significant issues including violation of the state’s prompt payment statute. The insurance giant was also ordered to pay restitution to consumers harmed by its actions. BCBS has agreed to pay the fine within 30 days and complete restitution payments by the end of the year. This agreed to TDI’s order after TDI conducted a market conduct examination on BCBS from January 1, and ending in September 30, 2018.

“There is no doubt other entities that have been harmed by this chronic callous treatment. Clearly, the pattern of behavior by BCBS merits a broader review by TDI,” said Kelly Dawson attorney for Knox County Hospital. “BCBS owes Knox County Hospital more than \$20 million in unpaid claims. Although we are seeking relief in federal court, the state remains responsible for regulating BCBS” added Dawson. This is the same pattern of conduct TDI found BCBS in violation of. As cited by the order, BCBS has a system programming error which caused the issues. This is not unlike what was told to Knox.”

TDI found that BCBS fleeced providers and its subscribers by claiming computer errors on numerous issues. The Commissioner’s Conclusions of Law were:

- a. “BCBSTX has engaged in unfair and deceptive acts or practices in the business of insurance by making a statement misrepresenting the policy terms and benefits, pursuant to TEX. INS. CODE. §541.051(a) by including incorrect messages...”
- b. “BCBSTX failed to notify some Blue Advantage Plus members of the procedures for contacting BCBSTX if the member received a balance bill for out-of-network emergency care...”
- c. “For many clean claims subject to EBM review, BCBSTX failed to comply with the applicable prompt payment timelines set forth...”
- d. “...BCBSTX violates TEX. INS. CODE. §843.252 because it did not maintain records...”
- e. “...BCBSTX violated TEX. INS. CODE. §4201.206 AND 28 Tex. Admin Code §19.1703(b)(26) because it failed to afford the provider of record a reasonable opportunity to discuss the plan...”

The conduct the Commissioner sanctioned BCBS for is in lockstep with the unlawful conduct exhibited by BCBS against Knox.

BCBS stopped making reimbursement payments to Knox County Hospital in June of 2017. It wasn't until October of 2017 that the company finally responded to inquiries by claiming it was a computer glitch. Knox County Hospital continued to treat Blue Cross Blue Shield subscribers and submit claims. Blue Cross Blue Shield continued to withhold reimbursement.

“We have pursued every avenue available to us since Knox County has been victimized by every one of the tactics the state has now found Blue Cross guilty of,” Dawson said. “I have no doubt there are other rural hospitals who are also being bullied by this company.”

Knox County Hospital filed a lawsuit against BCBS in State District Court in September 2019, after repeated complaints to the Texas Department of Insurance yielded no action. The case is now headed into court ordered arbitration. An attempted mediation last week failed to produce a settlement.

Last year a State District Judge issued a Temporary Restraining Order, which included the following findings of fact:

- Blue Cross Blue Shield has willfully and wantonly undertaken acts to secure funds which do not belong to them;
- Blue Cross Blue Shield engaged in slanderous activities;
- Blue Cross Blue Shield willfully and wantonly breached a duty of care;
- Blue Cross Blue Shield willfully and wantonly violated the Insurance (regulations) of the state of Texas;
- The Court deems these acts to be willful conduct of fraud.

BCBS then filed a motion to have the case moved to federal court and then filed a motion to have the entire lawsuit sent to mediation. The parties failed to reach an agreement in mediation;

In a retaliatory move, BCBS subsequently dropped Knox County Hospital from its network, despite the fact that Knox County is a critical access facility and the only health care provider in the county.

Last month the Knox County Hospital was named to the nation's Top 100 list for Rural and Community Hospitals – the second time it has been honored as one of the nation's elite rural facilities in the last four years.

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About Knox County Hospital District:

Knox County Hospital District provides healthcare services for residents of Knox County and surrounding areas. The hospital district offers a wealth of medical services, including 24-hour emergency care, advanced radiology services, a clinical laboratory, physical therapy, patient education and more. The Knox County Hospital is a 25-bed acute care critical access facility located in Knox City, Texas which is 78 miles north of Abilene. The District also operates two

rural health clinics, an outpatient retail pharmacy, home health, emergency medical services (EMS), a nursing home and durable medical equipment (DME) services.

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