

Health Net reaches rescission settlement, re-instates coverage to policyholders.

Health Net's settlement agreement with the California Department of Insurance and the California Department of Managed Health Care, as initially reported in the [Los Angeles Times](#) (9/12, Girion, Lifsher) garnered significant media attention -- both locally and nationally -- over the weekend. Several local television stations covered the settlement, including [XETV-TV](#) San Diego (9/13, 1:17 a.m. ET), which reported, "Health Net and California insurance regulators reached a \$25-million dollar settlement today." At issue were allegations that "Health Net dropped coverage for nearly a thousand patients when they tried to make use of their policies," according to regulators. Under the settlement, the company will "offer new coverage to customers who were dropped from individual or family policies since 2004. Health Net's CEO says the company does not acknowledge any wrongdoing and does 'not necessarily agree' with the allegations, but the settlement is an opportunity to quote 'move forward.'"

[KBWB-TV](#) San Francisco (9/13, 12:33 a.m. ET) Anchor Dan Ashley reported, "Without admitting guilt, one of California's largest health insurance companies is agreeing to pay \$25 million for dropping coverage for nearly 1000 patients. The settlement will force Health Net to offer new coverage to 926 of its former customers. The state Insurance Department says the company has agreed to pay more than \$14 million in outstanding medical expense for those people; it will also wave up to \$7.2 million in insurance premiums.

[KTLA-TV](#) Los Angeles (9/12, 9:42 a.m. ET) reported, "Woodland Hills-based Health Net insurance is being forced by California regulators to re-instate coverage to more than 900 policyholders. Now this is a first-of-its-kind settlement with the Department of Insurance. The giant carrier has to offer new coverage after it cancelled the policies of sick patients. Health Net has to pay \$17 million in penalties and reimbursement. The company is not admitting any wrong doing, however."

On its website, [KPBS-Radio](#) (9/14, Goldberg) covers the story, noting, "Health Net has admitted paying an employee bonuses based on how many policies they terminated." But, Jerry Flanagan of Consumer Watchdog, "says the deal leaves a lot to be desired." Flanagan told KPBS, "The settlement specifically said Health Net can rescind coverage in the future, without clarifying what the legal standard is, what the standard is for those rescissions."

The [AP](#) (9/14), [Modern Healthcare](#) (9/15, Vesely), [Sacramento Business Journal](#) (9/14), [Los Angeles Business Journal](#) (9/14, Crowe), [Trading Markets](#) (9/15, Lysiak), [Dow Jones Newswire](#) (9/14, Brin), [California Healthline](#) (9/15), [Business Insurance](#) (9/14, Hunt), [Kaiser Daily Health Policy Report](#) (9/15), and the [Wall Street Journal's](#) (9/15) Health Blog also covered the story.