

Lawsuit over Scripps' billing of uninsured a class action

by Keith Darce - CNS

SAN DIEGO - A superior court judge has granted class-action status to a lawsuit accusing Scripps Health hospitals of charging exorbitant amounts to uninsured patients who often aren't able to pay the bills without risking financial ruin.

The suit alleges that uninsured Scripps patients pay as much as four times more than patients covered by Medicare or private insurance for the same procedures. Those who don't pay their bills are sometimes reported to collection agencies that use aggressive tactics to pursue payments and cause damage to patients' credit, say attorneys for plaintiff Phillip Franklin.

The suit seeks refunds for as many as 100,000 uninsured patients who allege they were overcharged by Scripps' five San Diego hospitals since 2002 - an amount that could top \$100 million - and penalties, said Kelly Dermody, a plaintiff's attorney.

Scripps "strongly objects" to the accusations, company spokesman Don Stanziano said Thursday. "Scripps is proud of our service to the community."

He said the class-action designation, made Wednesday by Judge Steven Denton, did not represent a decision on the appropriateness of the bills under scrutiny. The ruling allows the plaintiff's attorneys to represent all the uninsured patients who might have been affected by the hospitals' practices.

"What happened today was expected. It's part of the process," Stanziano said.

The case is similar to other suits filed in recent years in California and other states alleging that nonprofit health care systems such as Scripps have failed to live up to their legal obligation to provide free care to the needy in exchange for a tax-exempt status.

In the most recent case in California, Catholic Healthcare West agreed to pay \$423 million in refunds and bill reductions to hundreds of thousands of uninsured patients who received care at the nonprofit's 35 hospitals in California. The San Francisco-based health care system did not admit any wrongdoing.

The Scripps case was filed last year by Franklin, of Solana Beach, who was referred to a collection agency after failing to pay a \$2,900 bill for a visit to the emergency room at Scripps Memorial Hospital Encinitas in October 2004. Franklin was unemployed at the time because of a work-related disability and couldn't pay the charges, Dermody said.

Franklin went to the hospital with severe kidney pain and was diagnosed with a kidney stone. He was given urine and blood tests, a CT scan and pain medication, according to the suit, and was referred to a urologist.

The hospital was unwilling to let Franklin pay his bill in installments, Dermody said. The bill collector that later pursued the charges filed a lawsuit against Franklin in January 2006.

The rates at which Scripps bills uninsured patients - known as chargemaster prices - were, on average, 412 percent above the rates the hospitals charge when caring for patients covered by Medicare, the federal government's health care program for people who are elderly or have disabilities, according to the suit.

Government and private health plans routinely negotiate discounts for hospital services by using the leverage of being able to direct large numbers of patients to health care providers.

A recent article in the journal Health Affairs found growing evidence that uninsured patients are being charged considerably more - often as much as two and a half times - for hospital services than those with

insurance.

The trend is a dramatic reversal from conditions 50 years ago when the poor and uninsured were often charged the lowest prices for medical services, wrote article author Gerard Anderson, a professor of health policy and management at Johns Hopkins Bloomberg School of Public Health in Baltimore.

Stanziano said that Scripps already offers a number of options for uninsured patients who need help paying their bills, including extended payment plans and discounts for those making less than 350 percent of the federal poverty rate or \$72,275 a year for a family of four.

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