

Horizon Blue Cross Blue Shield of N.J. Agrees to Settle Eating Disorder Lawsuit

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<?xml version="1.0"?>Horizon Blue Cross Blue Shield of N.J. Agrees to Settle Eating Disorder Lawsuit Chad Hemenway

Horizon Blue Cross Blue Shield of New Jersey has agreed to settle a class-action lawsuit filed nearly two years ago by parents of children suffering from eating disorders.

According to court documents filed in U.S. District Court in Newark, N.J., the settlement will affect about 500 patients involved in the class-action lawsuit. The patients had treatments for their eating disorders limited based on insurance coverage limitations because they were classified as nonbiological in nature, court documents say.

Plaintiffs in the lawsuit will receive about \$1.2 million in reimbursement for past denied claims, according to settlement papers. The agreement still needs the approval of a judge.

"New Jersey law does not identify anorexia and bulimia as biologically-based mental illnesses requiring parity benefits," Horizon, the state's largest health insurance provider, said in a statement. Under the terms of the settlement, "a claim fund will be established to reimburse class members whose coverage for eating disorder treatment was denied based on benefit limits."

Tom Rubino, director of public affairs for Horizon Blue Cross Blue Shield of New Jersey, said the company "believes the settlement is in the best interest of all parties involved and in line with the direction of federal parity law for mental health."

The attorney who represented the class in the suit against Horizon, Bruce H. Nagel of law firm Nagel Rice in Roseland, N.J., could not immediately be reached for comment. In a joint statement with the insurer, Nagel said the settlement "should change the way insurance carriers view eating disorders. I hope that other carriers in New Jersey will get in line with this settlement."

Aetna Inc. agreed in June to settle a federal class-action lawsuit alleging denial of coverage for the treatment of eating disorders. It was considered the first class-action settlement in which a health insurer in New Jersey agreed to cover eating disorders such as anorexia nervosa and bulimia under the same terms and conditions as biologically-based mental illnesses. Aetna was to reimburse \$250,000 to about 100 class members for claims it denied over the past seven years based on its policy limitations for nonbiologically based mental illnesses (BestWire, June 8, 2008). Nagel was also the attorney in the case.

As part of the settlement, Horizon Blue Cross Blue Shield of New Jersey also has agreed to give parity treatment to eating disorder claims in the future for current members who are fully insured. According to court documents, more than one million Horizon policyholders will receive parity status for eating disorder treatment in the future and they also have the option of meeting with an eating disorder specialist to resolve disputes from the denial of a claims based on medical necessity determinations.

Horizon Healthcare of New Jersey Inc. currently has a Best's Financial Strength Rating of B++ (Good), based on public data.

(By Chad Hemenway, associate editor, BestWeek: Chad.Hemenway@ambest.com)

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