



FOR IMMEDIATE RELEASE: June 25, 2021

Contact: Leslie Wolf Branscomb at
lawolf@sandiego.gov or (619) 533-5896

Elliott Challenges Health Insurers for Deceiving Consumers *Inaccurate Provider Directories Unlawfully Dupe Consumers*

San Diego City Attorney Mara W. Elliott today filed lawsuits against three major California health insurers for misleading consumers with inaccurate provider directories that include doctors who are not affiliated with the providers and whose work is not covered by their plans.

Provider directories are a prime advertising and recruitment tool for health insurance providers that new enrollees use in deciding which provider to trust with their family's health care. A consumer's decision may be determined by which doctors are in-network under which plan, as well as the number of specialists available in their geographic area. Some consumers rely on provider directories exclusively in making decisions.

The lawsuits allege that the provider directories of health insurers Kaiser and HealthNet have error rates of at least 35 percent, and in Molina's case, as high as 80 percent, despite California law requiring that they provide up-to-date, complete, and accurate provider directories. The false, out-of-date, or incomplete information found in these "ghost networks" impede attempts by enrollees to find needed care from in-network providers.

"Consumers should be able to trust their health insurers when seeking medical attention," San Diego City Attorney Mara W. Elliott said. **"Error-filled directories create dangerous barriers to healthcare services, with patients struggling to find a directory-listed doctor who will accept their insurance. These misleading ghost networks not only violate state law but undermine the health of San Diegans and Californians."**

The three complaints filed in San Diego Superior Court on behalf of the People of the State of California against health insurers Molina, Kaiser, and HealthNet allege that such practices are unlawful business practices under both state and federal law. The complaints also allege that the directories constitute false advertising.

Despite the clear requirements of both state and federal law, health insurers Molina, Kaiser, and HealthNet -- which together have more than a million individuals enrolled in their health plans statewide -- are among the worst actors in California when it comes to the inaccuracy of their provider networks.

Insurers may have financial incentives to continue with their erroneous provider listings. Directories that appear to be wide-ranging and comprehensive are attractive to potential enrollees and result in consumers paying more for access to this illusory network than they would have for a narrower network. Additionally, enrollees who require more expensive, specialized care may grow frustrated with the lack of available coverage and seek coverage elsewhere, effectively weeding out the provider's most expensive enrollees.

The San Diego City Attorney's Affirmative Civil Enforcement (ACE) Unit is leading this landmark case, assisted by co-counsel from Grant & Eisenhofer P.A. and Bradley Bernstein Sands LLP.

For copies of the complaints against HealthNet, Kaiser, and Molina, please contact Leslie Wolf Branscomb at lawolf@sandiego.gov.