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**BLUECROSS BLUESHIELD OF ILLINOIS TO PAY
\$25 MILLION TO SETTLE CIVIL MEDICAID FRAUD CLAIMS**

CHICAGO BlueCross BlueShield of Illinois, a division of Health Care Service Corporation, will pay the United States and the State of Illinois \$25 million to settle civil claims that it wrongly terminated insurance coverage for private duty, skilled nursing care for medically fragile, technologically dependent children, in order to shift them to a federal/state funded Medicaid program designed to provide home care for children at risk of institutionalization, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois. He announced the settlement with the U.S. Department of Health and Human Services Office of Inspector General and the Department of Justice Civil Division.

As a result, children whose specialized care should have been covered by BlueCross and BlueShield under the terms of existing insurance policies, were shifted to the government-funded Home and Community Based Services Medicaid program, operated by the Illinois Division of Specialized Care for Children, pursuant to an agreement with the Illinois Department of Healthcare and Family Services.

The settlement resolves claims that BlueCross BlueShield denied patient claims based on internal, undisclosed guidelines that were more restrictive than the language provided to

beneficiaries in plan policy materials. Additionally, the government alleged that BlueCross Blue Shield fraudulently told policy holders that children were not covered for private duty nursing during the claims review process sought after initial denials.

Under the agreement, BlueCross BlueShield of Illinois will pay \$14.25 to the State of Illinois and \$9.5 million to the United States. The company will also pay \$1.25 million to the State of Illinois for allegations under the state consumer fraud statute.

As part of the \$25 million settlement, BlueCross BlueShield does not admit liability and agreed to the settlement to avoid the delay, uncertainty and expense of protracted litigation.

The United States was represented by Assistant U.S. Attorney Linda A. Wawzenski.

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