



**For Immediate Release**  
August 12, 2008

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**DMHC sends out first round of notifications offering coverage to rescinded consumers**

*Additional notices will be sent out this week to a total of nearly 3,400 consumers to restore coverage as quickly as possible*

(**Sacramento**) – The California Department of Managed Health Care (DMHC) has announced that the first round of notifications offering guaranteed issue health care coverage will go out this week to formerly rescinded members of Health Net, Kaiser and PacifiCare. The first-in-the-nation offers of coverage are the result of recent settlements between the DMHC and five of the major health plans in California, ending the practice of improper rescission of individual coverage and following a two-year investigation by the State of California.

“The long nightmare of being uninsured will soon end for enrollees dropped by health plans after filing claims,” said Cindy Ehnes, Director of the DMHC. “The Schwarzenegger Administration has made good on its promise to inform people harmed by rescissions of their right to immediate guaranteed issue of coverage, with good benefits and no uprating of premium for preexisting conditions.”

In addition, the DMHC has ordered all other plans to turn over the contact information for its rescinded members this week in order to facilitate notifying each enrollee of their rights to gain guaranteed coverage. The DMHC, the Attorney General's office, and UC Berkeley's Health Literacy Department have reviewed the notices to ensure they capture all of the enrollee's rights under the agreement and are easily understood by consumers.

In May, the DMHC began finalizing the first of five settlement agreements with the major California health plans offering coverage in the individual market. The DMHC settlements are the best option rescinded consumers have to regain health coverage. Additionally, each consumer has the

**(more)**

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opportunity to recover full damages by through a fast and fair arbitration process, or by pursuing private litigation. Along with the offer of coverage, the DMHC settlement also required the payment of the largest amount of fines ever levied nationally for the improper rescissions, totaling more than \$14 million.

The California Department of Managed Health Care is the only stand-alone HMO watchdog agency in the nation, touching the lives of more than 21 million enrollees. The DMHC has assisted more than 800,000 Californians resolve their HMO problems through its 24-hour Help Center, educates consumers on health care rights and responsibilities, and works closely with HMO plans to ensure a solvent and stable managed health care system.

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