

Calif. Hospital Chain Sued; Anti-Latino Bias Alleged

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LOS ANGELES, Feb. 6 -- Tenet Health Care Corp., a giant California-based hospital chain, was sued today by a conservative-backed group on charges that it has severely overcharged Latino patients and turned their unpaid bills into higher subsidy payments from the state and federal governments.

The suits, filed in Orange County Superior Court, were announced at a news conference arranged by K.B. Forbes, a former press aide to presidential candidate Patrick J. Buchanan and other conservative notables. Forbes said he has spent much of the past year collecting evidence against Tenet from Latinos he said have had their credit ratings damaged and their lives disrupted as they struggled to pay what he termed inflated Tenet bills.

A Tenet official rejected the allegations and said the company had tried to persuade the plaintiffs' attorney to hold off the lawsuit until the case could be investigated and possibly settled.

Larry Jackson, the Indianapolis attorney for Consejo de Latinos Unidos, the tax-exempt foundation Forbes started to work on the problems uncovered in his investigation, said Tenet was charging these uninsured patients "anywhere from four to seven times" as much as it would HMO patients for similar services.

Harry Anderson, a vice president of Tenet, acknowledged that rates for individual patients are typically higher than those for members of groups that have negotiated with Tenet -- a practice he said is typical of the health care industry.

Jackson said, even conceding that, the disparities alleged in the suits are "so extreme" that they violate the California fair business practices statute, which says that hospitals and doctors may collect only "reasonable and customary charges." He said, "Tenet has shown a real tendency to discriminate against and exploit those most vulnerable in this society. This is the kind of thing the courts will try to remedy."

Anderson denied the discrimination charges and called the lawsuits a "misguided ill-advised legal broadside, combined with a media onslaught, intended to inflict damage on Tenet. We will vigorously defend ourselves." informed The suits also allege that when the "inflated" bills cannot be paid, Tenet writes them off as "charitable care." The more such care it claims, the greater the amount of "DSH funds" it can collect from state and federal governments for its "disproportionate share" of services to indigents. Jackson and Forbes said their analysis of Tenet's financial reports indicated that DSH funds accounted for 38 percent of its net income in California.

Anderson said the premise of this allegation is "flat wrong," because "unpaid bills do not qualify for DSH payments; only charity cases do. We dispute that anything improper or illegal has taken place."

Tenet owns or operates 111 hospitals in 17 states, with the largest number in California. Last month, it reported a quarterly increase of per-share earnings of 43 percent over the same quarter last year and said it expected earnings for the full fiscal year to be up 35 percent from 2001.

The suits alleges that Maria Reyes was billed \$15,865 after spending three hours in the emergency room and three days in a Tenet hospital. "An HMO patient would have been charged one-third to one-tenth of the amount," it said.

Forbes distributed a summary of about two dozen cases of similar alleged overcharges he had collected in a year of interviewing Latino families in Southern California. A Spanish-speaking publicist, whose mother is Chilean, Forbes said he "stumbled on the problem" while testing the market for a new form of medical insurance and decided to launch an investigation with the help of Spanish-language media in California.

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