



# Settlement reached in Sutter lawsuit

## Hospital group will give refunds, discounts to former patients

By Victoria Colliver  
CHRONICLE STAFF WRITER

A Sacramento judge approved an agreement Thursday that requires Northern California hospital operator Sutter Health to pay refunds and offer discounts to thousands of former patients to settle accusations that it over-

charged uninsured individuals for services.

An attorney representing plaintiffs said the payments could exceed \$275 million. But a Sutter spokesman said that estimate appeared high.

The settlement resolves a class-action lawsuit filed in 2004 that accused Sacramento's Sutter of charging uninsured patients at its high rates for services, while offering deep discounts to insurance companies and other big payers. Sutter operates 27 hospitals in the Bay Area and other Northern California locations.

Sutter officials said costs could be lower than the plaintiffs' attorneys estimate because most uninsured patients never paid their bills and therefore wouldn't be entitled to refunds.

A wave of lawsuits has been filed in recent years, accusing hospitals nationwide of gouging uninsured patients by charging prices far above the rates they negotiate with insurers and other big institutions.

Under the terms of the settlement, plaintiffs will receive discounts or refunds from their bills ranging from 25

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to 45 percent, depending on which hospital treated them. To be eligible, claimants must have been treated at a Sutter-affiliated hospital between Sept. 3, 2000, and Aug. 3, 2006.

Sutter officials said the settlement won't change current practices. Sutter changed its billing policies in 2004 to extend discounts to all uninsured patients, regardless of income, spokesman Bill Gleeson said.

### Filing a claim

► For more information on claims, call (415) 956-1000 or see [www.lchb.com](http://www.lchb.com).

"We're proud of our generous policies and pleased to have achieved the settlement," he said. He would not estimate how many patients could be affected or how much the settlement is expected to cost.

Kelly Dermody, an attorney for the plaintiffs and a partner with

Lieff, Cabraser, Heimann and Bernstein in San Francisco, said "hundreds of thousands" of uninsured Sutter patients will start receiving notices in mid-September informing them about the settlement. She said claim forms must be postmarked by Jan. 17.

"I'm very hopeful other hospitals, knowing Sutter's stature, will follow their lead in adopting the very same policies adopted here," Dermody said.

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# Sutter settles class-action lawsuit worth \$275 million

By Rebecca Vesely

STAFF WRITER

Sutter Health on Thursday settled a class-action lawsuit valued at more than \$275 million brought by uninsured patients who said they were overcharged for care and targets of aggressive billing practices.

The settlement, approved by a Sacramento Superior Court judge, allows thousands of patients to make refund claims of between 25 percent and 45 percent of their prior hospital bills.

As a condition of the settlement, Sutter Health's pricing policies for the uninsured must be comparable to insured patients for the next three years, and its hospitals must adopt more compassionate bill collection policies for patients who fall behind on payments.

The class action includes anyone who received hospital services from a Sutter-affiliated hospital between Sept. 3, 2000, and Aug. 3, 2006 and were uninsured at the time of treatment.

The settlement is valued at \$275 million, but could double depending on how many qualified patients file claims, said Kelly M. Dermody, plaintiffs' attorney at Lief Cabraser Heimann and Bernstein in San Francisco.

The number of plaintiffs could reach into the hundreds of thousands, Dermody said.

Sacramento-based nonprofit Sutter Health is Northern California's largest hospital chain. Among its 26 affiliated hospitals are Alta Bates Summit Medical Center in Oakland and Berkeley, Eden Medical Center in Castro Valley, Mills-Peninsula in Burlingame, California Pacific Medical Center in San Francisco and Sutter Antioch.

The lawsuit was initiated in September 2004 on behalf of

uninsured patients, including a Berkeley man who was billed \$4,600 after being treated at Alta Bates Summit in Berkeley for a minor hip injury in a fall at a local grocery store.

Patrick Fry, president and CEO of Sutter Health, said the settlement was evidence that recent changes to Sutter's charity care policies are working.

"We are proud to have these policies in place and pleased to put an end to the litigation," Fry said in a statement.

In March, Sutter Health started offering automatic discounts to uninsured patients

that are on par with those the hospital negotiates with insurance companies.

Sutter drew fire from labor unions, the San Francisco Board of Supervisors and other groups for its policies of charging uninsured patients more than those whose care was covered by insurance. One study by SEIU Local 250 indicated that the uninsured were charged up to 300 percent more for care.

In 2005, Sutter Health earned income of \$442 million, with total revenues of \$6.7 billion.