

Molina Healthcare Comes Under Fire for Medi-Cal Reimbursements



Molina Healthcare offers health plans in a dozen states and

Puerto Rico and insures over four million consumers overall (approximately 700,000 here in California). The bulk of its enrollees also participate in Medicare or Medicaid.

But a sizable enrollment base has not shielded it from negative press. The Long Beach-based insurer has come under litigious fire from a Los Angeles physician as well as harsh criticism from a consumer advocacy group asking for an investigation into the company's reimbursement practices.

Physician claims insurer skimmed when it should have boosted

Dr. Manuel Figueroa is a member of the Associated Hispanic Physicians of Southern California, a physicians' group that holds contracts with Molina Healthcare. [Figueroa alleges](#) that the insurer underpaid him by thousands of dollars when it came to service provided for Medi-Cal patients.

Figueroa's argument hinges on the "enhanced" reimbursements for Medi-Cal enrollees under the Affordable Care Act. That stipulation required health plans to remunerate healthcare providers at a higher rate for certain services provided to Medi-Cal patients in 2013 and 2014. Figueroa claims that although Molina paid him some of what was outstanding, the insurer failed to fully reimburse him according to that supplemented schedule.

Head of Molina Healthcare "mystified" by doctor's lawsuit

Dr. Mario Molina is president and CEO of Molina Healthcare. He says he was "mystified" upon learning of the legal action brought by Figueroa. Molina theorizes that Figueroa is laboring under some confusion, noting that not all claims the physician submitted fell under the enhanced reimbursement umbrella, because not all services are automatically eligible.

Whether or not the doctor's suit rests on a shaky foundation, a lone physician is not the only source of pointed criticism for the health insurer.

National consumer advocacy group Consejos de Latinos Unidos recently asked the Office of the Inspector General (OIG) of the U.S. Department of Health and Human Services (HHS) to investigate Molina for allegedly "sitting on federal funds and underpaying Latino physicians and others." According to the group's CEO and executive director, K.B. Forbes, Consejos de Latinos Unidos has been looking into Molina in this regard since some time in 2015.



In the letter to the OIG, Forbes stated: "Molina appears to be engaged in grossly deceptive and egregious behavior."

Forbes guesses that Molina Healthcare might owe Dr. Figueroa as much as \$25,000. Further, Forbes has said that the advocacy group has discussed Molina's handling of these types of reimbursements with other, as-yet unnamed physicians in California.

"We believe this is a pattern," Forbes added.

However, Dr. Molina claims that he has not received word of other clinicians following suit. "This company was founded by a Latino doctor," he said. "Why would we want to cheat other Latino doctors?"

Forbes points to Figueroa's claim that three other health plans appropriately reimbursed him for services rendered with Medi-Cal patients as a testament to Molina's negligence in this matter.

But according to the health plan's president, the company was a proponent of the boosted Medi-Cal reimbursements.

Dr. Molina, speaking of the augmented payment allowed for certain Medi-Cal services under the ACA, says, "For us, the health plan, [enhanced reimbursement] was a terrific boon; it was extra money we could pass down to our doctors."

CA doctor not the only provider with payment complaint

The company is not immune to legal blows beyond California—last February, [a group of Florida hospitals filed suit against Molina](#), alleging that the insurer shortchanged them on emergency room services reimbursement.

Despite healthy profits of over \$140 million for 2015 (which, according to one of the company's financial reports, is roughly double the profits of the prior year's), Molina Healthcare's fiscal trajectory is not guaranteed to trend upward. Lawsuits and investigation aside in Molina's case, the repeal of the Affordable Care Act under President Trump's administration has left many insurers concerned about their futures.

For more information/questions regarding any legal matters, please email info@nelsonhardiman.com or call 310.203.2800.