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| 12 | SUPERIOR COURT OF THE STATE OF CALIFORNIA | | | | |
| 13 | FOR THE COUNTY OF ALAMEDA | | | | |
| | | FOR THE COUNT I OF ALAWIEDA | | | |
| 14 | CHARLES DION, on behalf of himself and all others similarly situated, |) CASE NO.: RG14718903 | | | |
| 15 16 | Plaintiff, | (Related to Futterman v. Kaiser, RG13697775) | | | |
| | |) CLASS ACTION | | | |
| 17 | v. |) CLASS ACTION . | | | |
| 18 | · |) FOURTH AMENDED COMPLAINT FOR: | | | |
| 19 20 | KAISER FOUNDATION HEALTH PLAN, INC.; and DOES 1 through 20, Inclusive |) 1. VIOLATION OF BUSINESS & PROFESSIONS CODE SECTION 17200 | | | |
| . | | ,) | | | |
| 21 | Defendants. |) 2. DECLARATORY RELIEF) | | | |
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Fourth Amended Complaint

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GENERAL ALLEGATIONS

1. The true names and capacities, whether individual, corporate, associate, or otherwise, of Defendants Does 1 through 20, inclusive, are unknown to Plaintiff at this time, who therefore sues said Defendants by such fictitious names. Each of the fictitiously named Defendants is responsible in some manner for the conduct alleged herein and for the injuries suffered by the Plaintiff and the members of the Class.

THE PARTIES

- 2. Plaintiff Charles Dion is and, at all times mentioned herein, was a resident and citizen of the State of California, County of Alameda.
- 3. Defendant Kaiser Foundation Health Plan, Inc. ("Kaiser") is a corporation licensed to do business in California.

NATURE OF THE ACTION

4. This class action arises out of defendant Kaiser's common practices that violate California's Mental Health Parity Act ("MHPA"). The California Legislature passed that law because health plans were discriminating against biologically-based mental illnesses and pushing the cost of mental health care onto state and local governments. The MHPA sought to remedy this injustice by mandating that health plans provide all medically necessary treatment for certain enumerated severe mental illnesses on the same financial terms as those applied to physical illnesses. Kaiser has engaged in systematic violations of the MHPA by failing to provide and cover services for treatment of the enumerated severe mental illnesses on terms equivalent to those applied to physical illnesses. For example, Kaiser refuses to cover residential care treatment for those with a severe mental illness diagnosis regardless of medical necessity, unless the patient is considered a danger to himself or others. Additionally, Kaiser refuses to cover individual psychotherapy treatment for persons living with severe mental illness, regardless of medical necessity. Kaiser instead steers members to "group" therapy sessions without regard to the specific therapeutic needs of each individual. These illegal practices have been followed by both Kaiser and its affiliated medical groups. These illegal practices have been applied to Mr. Dion.

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SUBSTANTIVE ALLEGATIONS

Kaiser

- 5. Kaiser is a "health care service plan" licensed by the Department of Managed Health Care and is subject to the relevant provisions of the Health & Safety Code. Under this regime, a contract is called an evidence of coverage ("EOC"), the person purchasing the coverage (or eligible for it through employment) is called the "subscriber" or "member," and the entity providing the coverage is the "plan." Health & Safety Code section 1345.
- 6. Kaiser provides medical services to its members through an arrangement with its affiliated medical groups, The Permanente Medical Group ("TPMG") and Southern California Permanente Medical Group ("SCPMG"). To receive medical services, a member must make an appointment at a Kaiser facility in the specified area and follow the diagnosis and course of treatment prescribed by the primary care physician. If a member desires a specialist, a referral is required from the primary care physician.
- 7. Kaiser provides its members with EOCs that set forth the terms and conditions of their coverage. Superimposed over Kaiser's contractual duties under the EOCs are the obligations imposed on it through various provisions of the Health & Safety Code. Pertinent here are the duties imposed on Kaiser under Health & Safety Code section 1374.72.

The MHPA

8. In 1999, the Legislature enacted the MHPA, which is codified at Health & Safety Code section 1374.72. The statute provides in relevant part:

Every health care service plan . . . shall provide coverage for the diagnosis and medically necessary treatment of severe mental illnesses of a person of any age, and of serious emotional disturbances of a child, as specified in subdivisions (d) and (e), under the same terms and conditions applied to other medical conditions as specified in subdivision (c).

9. The MHPA, in essence, is a "mental health insurance mandate which 'obligate[s] health plans to provide coverage (not merely offer it) for the diagnosis and treatment of mental illness equal to coverage that the plans appl[y] to other medical conditions." Arce v. Kaiser Foundation Health Plan, Inc. (2010) 181 Cal.App.4th 471, 491, quoting Yeager v. Blue Cross of

In enacting the Mental Health Parity Act, the Legislature expressly found that "[m]ost private health insurance policies provide coverage for mental illness at levels far below coverage for other physical illnesses," and that "[l]imitations in coverage for mental illness in private insurance policies have resulted in inadequate treatment for persons with these illnesses." (Stats. 1999, ch. 534, ß1, p. 3702.) The Legislature further found that "[t]he failure to provide adequate coverage for mental illnesses in private health insurance policies has resulted in significant increased expenditures for state and local governments." (*Ibid.*) The stated purpose of the statute was to "prohibit discrimination against people with biologically-based mental illnesses, dispel artificial and scientifically unsound distinctions between mental and physical illnesses, and require equitable mental health coverage among all health plans and insurers to prevent adverse risk selection by health plans and insurers." (Assem. Com. on Health, Rep. on Assem. Bill No. 88 (1999-2000 Reg. Sess.) as amended Feb. 24, 1999, p. 2.)

Arce v. Kaiser Foundation Health Plan, Inc., supra, 181 Cal.App.4th at 491.

12. Given the MHPA's purpose, and the fact that treatment for mental and physical illnesses are often not comparable, the law "requires treatment of mental illnesses sufficient to reach the same quality of care afforded physical illnesses." *Rea v. Blue Shield of California* (2014) 226 Cal.App.4th 1209, 1238. As set forth below, Kaiser's practices violate the MHPA and frustrate the law's purpose to provide medically necessary treatment for persons with severe, biologically-based mental illnesses.

Kaiser's Systematic Violation of the MHPA

- 13. While Kaiser is the plan that contracts with members and assumes the risk of providing health care services, it provides the services through its two affiliated (and controlled) medical groups, TPMG and SCPMG. The medical groups are charged with following the practices and procedures established by Kaiser pursuant to its obligations under the EOCs and applicable laws, including the MHPA.
- 14. Despite Kaiser's obligation to provide various services for treatment of the aforementioned illnesses, Kaiser has violated the MHPA by engaging in various practices as specified below.

Residential Care

15. Residential care treatment is often medically necessary to treat a severe mental illness, including obsessive compulsive disorder (OCD).

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- 16. Notwithstanding, Kaiser's common practice is to categorically deny coverage for residential care treatment for members with a severe mental illness diagnosis, except in the narrow situation where the member is considered a danger to himself or others. Kaisers denies such coverage for residential care regardless of the medical necessity of this type of treatment.
- 17. Kaiser's practice is embodied in its current EOCs, which expressly exclude coverage for residential treatment. The EOC residential care exclusion provides in pertinent part that Kaiser excludes from coverage:

Care in a facility where you stay overnight, except that this exclusion does not apply when the overnight stay is part of covered care in ... a licensed facility providing crisis residential Services covered under "Inpatient psychiatric hospitalization and intensive psychiatric treatment programs" in the "Mental Health Services" section,

- 18. The "Inpatient psychiatric hospitalization and intensive psychiatric treatment program" provision in The Mental Health Services section of the EOC provides in pertinent part that Kaiser covers, "Short-term treatment in a crisis residential program in a licensed psychiatric treatment facility with 24 hour-a-day monitoring by clinical staff for stabilization of an acute psychiatric crisis."
- 19. Kaiser's practices, procedures and guidelines are to interpret and apply the above EOC coverage provision and exclusion to mean that Kaiser only covers residential care to treat severe mental illness if the patient is unable to maintain the safety of self or others without 24 hour therapeutic structure and support, and excludes all other forms of residential care treatments, regardless of medical necessity.

Individual Psychotherapy Treatment for Obsessive Compulsive Disorder and other Severe Mental Illnesses.

- 20. Regular weekly or bi-weekly individual psychotherapy is often medically necessary to treat a severe mental illness, including obsessive compulsive disorder (OCD), major depression and other severe mental illnesses.
- 21. The form of psychotherapy treatment that is generally medically necessary to treat OCD is Exposure and Responsive Prevention (ERP) therapy. ERP therapy is a form of cognitive

psychotherapy that is used to treat OCD. Regular ongoing weekly and bi-weekly individual ERP therapy is often medically necessary to treat obsessive compulsive disorder (OCD).

- 22. Notwithstanding, Kaiser does not conduct individualized assessments of members with a severe mental illness diagnosis to determine if individual psychotherapy treatment is medically necessary. Instead, without an assessment of individual need, Kaiser's practice is to push its members living with a severe mental illness into group therapy and to deny requests for individual psychotherapy, regardless of medical necessity.
- 23. In addition, Kaiser does not conduct individualized assessments of members with OCD to determine if individual ERP therapy is medically necessary. Instead, without an assessment of individual need, Kaiser's practice is to push its members living with OCD into group therapy and to deny or discourage requests for individual ERP therapy, regardless of medical necessity.
- 24. In June of 2013 the Department of Managed Health Care filed an enforcement action against Kaiser regarding certain of its mental health practices including the tracking of timely access to services, the monitoring of the sufficiency of the number of providers, and the sufficiency of educational materials. Because the Department of Managed Health Care only has the power to fine a plan or revoke or suspend a plan's license, it sought a \$4 million fine from Kaiser for the identified improper practices. In September of 2014, on the eve of trial of the enforcement proceeding, Kaiser paid the \$4 million fine to put an end to that proceeding.

Plaintiff Charles Dion

- 25. Charles Dion is a 25-year-old man living with a diagnosis of OCD and major depressive disorder, severe mental illnesses enumerated in the MHPA. Kaiser provides health coverage to Mr. Dion through his mother's group plan through the University of California.
- 26. Starting in or about April of 2013, Mr. Dion received mental health treatment from Dr. Carol Mathews, the Director of the University of California, San Francisco Obsessive Compulsive Disorder Clinic. Dr. Mathews is an out-of-network provider and Mr. Dion paid for her services himself. In or about early October of 2013, Dr. Mathews prescribed to Mr. Dion biweekly individual psychotherapy for no less than 20 weeks. Specifically, she prescribed a type of

ERP therapy. Shortly after, Mr. Dion relayed Dr. Mathews' assessment to Kaiser and requested that Kaiser either provide or cover the medically necessary individual psychotherapy treatment.

- 27. On November 6, 2013, Mr. Dion met with Timothy Brown PhD, a Kaiser psychologist who leads one of Kaiser's OCD programs. Mr. Dion again requested the medically necessary individual psychotherapy. Yet, in accordance with Kaiser's common practice to deny individual therapy without assessment and without regard to medical necessity, Dr. Brown told Mr. Dion that Kaiser does not cover regular individual psychotherapy treatment, irrespective of medical necessity. He stated that other than medication management and prescription, the only treatment that Kaiser covered for OCD was group therapy classes which Dr. Brown ran. Dr. Brown acknowledged that Mr. Dion has severe OCD and that group therapy would be insufficient. Dr. Brown vaguely stated that he might be able to make an outside referral for Mr. Dion to a single non-Kaiser anxiety clinic, but it was unclear what treatment this non-Kaiser facility would provide him. Dr. Brown also cautioned that such referrals were highly unusual. Moreover, this clinic was 100 miles from Mr. Dion's home.
- 28. Kaiser's refusal to provide Mr. Dion with medically necessary ERP therapy was part of Kaiser's wider practice to categorically deny coverage for any regular individual psychotherapy for its members who suffer from a severe mental illness, regardless of medical necessity.
- 29. Because Mr. Dion could not receive coverage from Kaiser for the medically necessary ERP therapy, he began treatment outside of Kaiser with a non-Kaiser therapist. Mr. Dion filed a grievance with Kaiser on November 19, 2013 for past and future psychotherapy. On December 31, 2013, Mr. Dion received a letter from Kaiser that stated that it would pay for his current ERP therapy, but only as a "one time courtesy," and denied coverage for treatment after January 31, 2014, reinforcing that the fact that Kaiser's practice is to not authorize medically necessary ERP therapy. He has since needed medically necessary ERP therapy, as Kaiser was aware, and been forced to pay for this treatment.
- 30. Due to Mr. Dion's severe OCD, Dr. Mathews determined that it was medically necessary for Mr. Dion to be admitted into a residential treatment program. Mental health

practitioners at the OCD Residential Treatment Program in Rogers Memorial Hospital confirmed this assessment. Thus, Mr. Dion sought authorization from Kaiser in March of 2014 for admission to a residential treatment program. Kaiser, however, denied that request and advised Mr. Dion that Kaiser does not provide coverage for residential treatment programs for severe mental illness, irrespective of medical necessity. Specifically, Mr. Dion's Kaiser psychiatrist, Dr. Peter Cohen, wrote to Mr. Dion on or about March 26, 2014 and stated, in part: "I am sorry to hear of your severe struggles with OCD symptoms. However, my Chief informs me that residential care is not covered under your Kaiser psychiatric benefit." (Emphasis added.)

- 31. After he received Dr. Cohen's email, Mr. Dion received treatment at a residential treatment program. Mr. Dion has paid for part of the residential treatment costs, and is currently liable for additional costs of the treatment.
- 32. As a result of Kaiser's refusal to provide Mr. Dion with individual psychotherapy despite his severe mental illness and need, Mr. Dion has also spent money and continues to incur costs to treat his OCD.

CLASS ACTION ALLEGATIONS

33. Pursuant to California Code of Civil Procedure section 382 and California Rules of Court, Rule 3.760 et seq., Plaintiff seeks class certification of the following Classes:

All California members of Kaiser Foundation Health Plan, Inc. who had, at any time within four years of the filing of the complaint, one or more of the severe mental illnesses itemized in MHPA or a serious emotional disturbance of a child as defined in the MHPA, and who were denied coverage for residential care treatment, without regard to medical necessity.

All California members of Kaiser Foundation Health Plan, Inc. who had, at any time within four years of the filing of the complaint, one or more of the severe mental illnesses itemized in MHPA or a serious emotional disturbance of a child and who been denied individual psychotherapy, without assessment and without regard to medical necessity, in favor of group therapy.

All California members of Kaiser Foundation Health Plan, Inc. who had, at any time within four years of the filing of the complaint, a diagnosis of OCD, and who were denied individual ERP therapy.

Excluded from this definition are members covered under ERISA plans, FEHBA plans, and Medi-Cal plans.

- 34. The proposed class meets the requirements of a certified class in that:
 - a. The members are so numerous that joinder of all members is impracticable;
 - b. The members of the class are ascertainable;
 - c. Common questions of law and fact exist as to all members of the class;
- d. Plaintiff's claims are typical of the claims of the members of the class and Plaintiff and the members of the classes are similarly affected by Kaiser's wrongful conduct;
- e. Plaintiff will fairly and adequately protect the interests of the members of the class and has retained counsel competent and experienced in class and insurance litigation;
- f. Inconsistent or varying adjudications with respect to individual members of the class would establish incompatible standards of conduct for Kaiser;
- g. Kaiser has acted or refused to act on grounds generally applicable to the class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the class as a whole; and
- h. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since it will promote judicial economy and avoid inconsistent individual results.
- 35. Excluded from the class allegations are Kaiser's practices regarding applied behavioral analysis and speech therapy employed from April 8, 2004 through June 30, 2012 that were the subject of the class settlement in *Arce v. Kaiser Foundation Health Plan, Inc.*, Los Angeles Superior Court No. BC388689.

FIRST CAUSE OF ACTION (Violation of the Business and Professions Code section 17200)

- 36. Plaintiff and the Class hereby repeat and reallege all preceding paragraphs and incorporate same as though fully set forth herein.
- 37. Business and Professions Code section 17200 et seq., the Unfair Competition Law ("UCL"), prohibits acts of "unfair competition," including any "unlawful, unfair or fraudulent business act or practice" and "unfair, deceptive, untrue or misleading advertising." The following

acts of Kaiser, as alleged herein, constitute an unlawful business practice by virtue of its violation of the MHPA.

- (A) Denying coverage for residential care treatment for members living with a severe mental illness diagnosis, such as Mr. Dion, except where the patient is considered a danger to himself or others, without assessment and without regard to medical necessity.
- (B) Denying individual psychotherapy to its members with severe mental illness, such as Mr. Dion, without assessment and without regard to medical necessity, in favor of group therapy.
- (C) Denying individual ERP therapy to members with OCD, such as Mr. Dion, without assessment and without regard to medical necessity, in favor of group therapy.
- 38. As a result of Kaiser's violation of the MHPA and the UCL, Plaintiff has suffered injury in fact and has lost money or property because Kaiser has failed to provide the benefits due, as required by statute and, hence, Kaiser's EOCs.
- 39. On behalf of themselves and on behalf of the general public, Plaintiff and the Class request declaratory and injunctive relief as remedies to correct Kaiser's illegal practices. Plaintiff and the Class request that the Court:
- (A) Enjoin Kaiser's common practice to deny coverage for residential care treatment for members living with a severe mental illness diagnosis, such as Mr. Dion, except where the patient is considered a danger to himself or others, without assessment and without regard to medical necessity.
- (B) Enjoin Kaiser's common practice to deny coverage for individual psychotherapy, such as Mr. Dion, without assessment and without regard to medical necessity, in favor of group therapy.
- (C) Enjoin Kaiser's common practice to deny coverage for ERP therapy to members with OCD, such as Mr. Dion, without assessment and without regard to medical necessity, in favor of group therapy.

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PRAYER FOR RELIEF

WHEREFORE, Plaintiff and the Class pray for judgment against Kaiser as follows:
On the First Cause of Action for Violation of the UCL:

- 1. For a preliminary and permanent injunction:
- (a) enjoining Kaiser's common practice to deny coverage for residential care treatment for members living with a severe mental illness diagnosis, such as Mr. Dion, except where the patient is considered a danger to himself or others, without assessment and without regard to medical necessity.
- (b) enjoining Kaiser's common practice to deny coverage for individual psychotherapy to its members with severe mental illness, such as Mr. Dion, without assessment and without regard to medical necessity, in favor of group therapy.
- (c) enjoining Kaiser's common practice to deny coverage for individual ERP therapy to members with OCD, such as Mr. Dion, without assessment and without regard to medical necessity, in favor of group therapy.
- (d) Ordering Kaiser to notify class members that Kaiser's position with respect to the foregoing mental health care issues was incorrect and that it will cover mental health treatments in accordance with the MHPA
- (e) Ordering Kaiser to Notify class members that if they have paid monies out of pocket for residential care or individualized therapy, they can submit those claims for proper review under the MHPA
- (f) Ordering Kaiser to review any such claims received in a manner that is consistent with the provisions of the MHPA.
- 2. A declaration of the rights and liabilities of the parties under Kaiser's EOCs and/or the MHPA;
 - 3. Reasonable attorneys' fees;
 - 4. Costs of suit incurred herein; and
 - 5. For such other and further relief as the Court deems just and proper.

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PROOF OF SERVICE

Charles Dion v. Kaiser Foundation Health Plan, Inc. / RG14718903

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 years and not a party to the within action; my business address is 550 South Hope Street, Suite 1645, Los Angeles, CA 90071.

On September 14, 2015, I served the foregoing document described as FOURTH AMENDED COMPLAINT FOR: 1. VIOLATION OF BUSINESS & PROFESSIONS CODE SECTION 17200 2. DECLARATORY RELIEF on the interested parties in this action by placing a true copy of the original thereof enclosed in a sealed envelope addressed as follows:

PLEASE SEE ATTACHED SERVICE LIST

| (By Mail) As follows: I am "readily familiar" with the firm's practice of collection and |
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| processing correspondence for mailing. Under that practice it would be deposited with the U.S. |
| Postal Service on that same day with postage thereon fully prepaid at Los Angeles, California in the |
| ordinary course of business. I am aware that on motion of the party served, service is presumed |
| nvalid if postage cancellation date or postage meter date is more than one day after date of deposit |
| For mailing in affidavit. |
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| X (State) | l declare under per | alty of perjury i | under the laws of | of the State of (| California that the |
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| foregoing is true | e and correct. Exec | uted on Septem | ber 14, 2015 at | Los Angeles, (| California. |

Concepcion Conzales

| 1 | <u>SERVICE LIST</u> | | | | |
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