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The Ambulance Association of Pennsylvania and certain association members today filed a class action lawsuit in federal court in Pittsburgh alleging that certain Blue Cross Blue Shield insurers in Pennsylvania have engaged in a pattern of racketeering activity designed to extort, or attempt to extort, non-contract ambulance providers to enter contracts with the insurers at below-market rates dictated by the insurers. In so doing, the AAP and the ambulance companies allege that Pennsylvania ambulance providers have suffered millions of dollars in financial harm.

The AAP and certain named members, including City of Pittsburgh, Bureau of Emergency Medical Services; Monessen Ambulance Service; Robinson EMS; Goodwill Hose Company Ambulance Association; Lancaster EMS Association; United Hook & Ladder Co. #33; Penn Township Volunteer Emergency Services, Inc.; Tremont Area Ambulance Association; Valley Ambulance Authority; Yoe Fire Company Ambulance Service, Inc; and Northwest EMS filed suit in the U.S. District Court for the Western District of Pennsylvania against Highmark Inc., Keystone Health Plan West, Inc., Capital Blue Cross, Keystone Health Plan Central, Inc., Independence Blue Cross, and Hospital Service Association of Northeastern Pennsylvania (“the BCBS Companies”).

The lawsuit alleges that the BCBS Companies engage in the following illegal conduct. When non-contract ambulance companies provide emergency services to BCBS enrollees, the providers, in the normal course submit claims for payment to the insurers. Rather than make payment directly to the ambulance companies (“direct pay”), the insurers instead routinely send payments to unsuspecting enrollees who frequently do not understand why they are receiving payment and cash or otherwise dispose of the payments. The ambulance companies have often gone unpaid, losing millions over the course of the last four years, according to allegations in the lawsuit. The BCBS Companies have regularly advised the non-contract ambulance companies that if they want direct pay, they should enter contracts with the BCBS Companies at sub-market prices or rates set by the insurers.

The lawsuit alleges that this conduct violates state law, namely the Quality Health Care Accountability and Protection Act (also known as “Act 68”) and also constitutes a violation of the federal RICO statute.

The AAP and the other plaintiffs have asked the Court for a declaration that under Act 68 the non-contract ambulance companies have a right to direct payment from the BCBS Companies for the services the providers render to BCBS enrollees. The AAP and the other plaintiffs are also seeking damages relating to the failure of the BCBS Companies to make direct payment to the providers for the services they have rendered.

*The Ambulance Association of Pennsylvania (AAP) is the lead organization serving the needs of its members in the emergency and non-emergency ambulance and medical transportation industry. The AAP advocates the highest quality patient care through ethical and sound business practices, advancing the interests of its members in important legislative, educational, regulatory and reimbursement issues. In accomplishing this goal, AAP is dedicated to excellence in providing superior service to all facets of its membership and in developing positive relationships with other organizations involved in the medical transportation field.*