

# An amendment to the Health Net class action settlement affects your rights.

*A court authorized this notice. This is not a solicitation from a lawyer.*

- A \$6.25 million amendment to the Settlement (“Amendment”) has been reached in the class action lawsuit about whether Health Net underpaid subscribers and beneficiaries for out-of-network medical services and supplies.
- The Amendment will pay money to eligible people who now submit valid claim forms, and will affect the final payments to those who previously submitted claims.
- Depending on the letter you received with this notice, you have some or all of the rights listed below. Read this notice carefully.

TABLE OF RIGHTS AND OPTIONS:	
<b>SUBMIT A CLAIM FORM</b>	Request a payment for the claims listed on the Blue Sheet(s) that came with this notice in the mail (you got a <b>yellow</b> or <b>pink</b> letter). If you got a <b>green</b> letter you already submitted a Claim Form and you may <u>not</u> submit another.
<b>ASK TO BE EXCLUDED</b>	If this is the first notice you have ever received in the mail about the Health Net Settlement (you got a <b>pink</b> letter), you have this option. You will get no money if you ask to be excluded, but it is the only option that allows you to sue Health Net in the future over the claims resolved by the Settlement.
<b>OBJECT</b>	Write to the Court about why you don’t like the Amendment.
<b>GO TO A HEARING</b>	Ask to speak in Court about the fairness of the Amendment.
<b>DO NOTHING</b>	Get no payment for the claims on your Blue Sheet(s). Give up rights. If you previously submitted a valid claim form, await any final payment that may be awarded.

- These rights and options—**and the deadlines to exercise them**—are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the Amendment. Money will be distributed if the Court does so, and after any appeals are resolved. Please be patient.

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QUESTIONS? CALL 1-800-766-3330 TOLL FREE, OR VISIT [WWW.HEALTHNETCLASSACTION.COM](http://WWW.HEALTHNETCLASSACTION.COM)

## BASIC INFORMATION

### 1. Why was this notice issued?

The Court authorized this notice because you have rights before the Court decides whether to give “final approval” to an Amendment to resolve disputes in a Settlement that was approved in 2008 on behalf of 2.6 million Class members. If the Court approves the Amendment, and after any appeals are resolved, payments will be made to everyone who submitted a valid claim.

Federal Judge Faith S. Hochberg of the District of New Jersey is overseeing these cases known as *McCoy v. Health Net, Inc., et al.* (03-cv-1801), *Wachtel v. Health Net, Inc., et al.* (01-cv-4183), and *Scharfman v. Health Net, Inc., et al.* (05-cv-0301). The people who sued are called the “Plaintiffs,” and Health Net and some of its subsidiaries are the “Defendants.” The Plaintiffs and the Defendants are the “Parties” to the lawsuits.

### 2. What is this lawsuit about?

These cases claimed that Health Net’s usual, customary, and reasonable (“UCR”) rates were inadequate to reimburse subscribers for out-of-network services and supplies. Health Net believes that it did not act wrongfully or unlawfully and the Court did not find that it did so.

### 3. What is a balance bill?

The cases involve “balance bills” which are bills that Health Net subscribers received from out-of-network medical providers for amounts the providers said were still owed to them after Health Net paid an allowed amount.

### 4. What is a class action?

In a class action, one or more people called “Class Representatives” (in this case, Renee McCoy, Zev Wachtel, Linda Wachtel and Stewart Scharfman) sue on behalf of people who have similar claims. All these people are a “Class” or “Class members.” One court resolves the issues for all Class members, except for those who exclude themselves from the Class.

### 5. How do I know if I am part of this Settlement?

The person this notice was addressed to in the mail is included. The Settlement notice issued in 2008 completely describes the legal definition of the Class. Call 1-800-766-3330 to learn more.

## SUMMARY OF THE SETTLEMENT AND DISPUTES

### 6. What did the Settlement provide?

Health Net agreed to (a) create a \$160 million cash settlement fund to pay Class members’ unproven claims proportionally or “*pro rata*,” (called “Group A” claims) as well as lawyers’ fees and expenses; (b) pay \$15 million to the Class through the New Jersey Department of Banking & Insurance; (c) make business practice changes to address Plaintiffs’ complaints; (d) make up to \$40 million available to Class members who could prove to Health Net that they got and paid “balance bills” received from medical providers (called “Group B” claims) and to discharge a portion of Class members’ balance bills proven to still be owed (called “Group C” claims). The full original Settlement agreement can be found at the website.

## 7. What was the outcome of the Settlement?

In 2008, the Court approved the Settlement and the payment of lawyers' fees and expenses from the available cash. Approximately 97,000 eligible Group A claims were received, along with 1,000 Group B and C claims whose eligibility Health Net did not dispute. In July of 2013, 56% of the net cash (\$50 million) was distributed to partially pay the Group A claims, leaving about \$39.2 million in the cash Settlement fund. Health Net paid about \$936,000 in Group B claims and arranged the discharge of \$290,000 in Group C claims.

## 8. What disputes arose about the Settlement?

The Parties disputed whether Health Net was too stringent in judging Group B and C claims and offset too much money from their payouts; whether approximately 20,000 Health Net subscribers for "Administrative Services Only" ("ASO") should have been included in the notice; and how to address the fact that approximately 8,000 eligible Class members were left off the notice mailing list and that approximately 51,000 Class members were provided incorrect claims related information. At [www.healthnetclassaction.com](http://www.healthnetclassaction.com) you can read the report of Special Master Paul Zoubek who was appointed by the Court in 2013 to investigate the handling of the Settlement.

# SUMMARY OF THE AMENDMENT TO THE SETTLEMENT

## 9. How were the disputes resolved?

In 2012, former Magistrate Judge John Hughes helped the Parties mediate and reach an agreement in which Health Net will pay \$6.25 million in exchange for a release from all disputes between the Parties. This includes a release from Health Net's obligation to pay any more of the up to \$40 million that it was obligated to pay to proven Group B claimants than already paid (about \$936,000). Altogether, Class counsel believes there will be enough money to pay a fair share to all eligible claimants. The complete Amendment can be found at the website.

## 10. How will the money be distributed?

If the Amendment is approved, the \$6.25 million will be distributed. First, notice and claims administration costs related to newly filed claims will be deducted. Then:

- All eligible and properly documented Group B and C claims will be paid at 100% of claim value, minus deductions allowed under the Settlement.
- All new Group A claims filed by ASOs will be paid proportionally (*pro rata*). This means every eligible claimant who qualifies for a payment will get an amount equal to the ratio of their total claimed balance bill amount to the total of all balance bill amounts claimed, up to a 19% ratio, which was the ratio paid to prior Group A claimants in June of 2013.

Any remaining balance of the \$6.25 million will be added to the \$39.2 million left in the Settlement and, after paying remaining claims administration costs, distributed *pro rata* to all Group A claims such that new claimants would receive a payment, and prior claimants who previously received a payment would get an additional payment. After all payments are made, no Group A claimant, prior or new, will have received a disproportionate share in total.

Deductions from Group B and C payouts will be 25% for member responsibility (your share of the medical expenses including deductibles, co-insurance, and co-payments) up to a maximum of \$3,000. If you received money from the New Jersey Department of Banking and Insurance as a result of this settlement (or other restitution) your payments will also be reduced by that amount. Any Group B and C claims for \$100 or less will be treated and paid as a Group A claim. No payments less than \$20 will be issued.

You will find additional details about the plan of allocation in the Court documents at [www.healthnetclassaction.com](http://www.healthnetclassaction.com).

**QUESTIONS? CALL 1-800-766-3330 TOLL FREE, OR VISIT [WWW.HEALTHNETCLASSACTION.COM](http://WWW.HEALTHNETCLASSACTION.COM)**

## WHO CAN SUBMIT NEW CLAIMS

### 11. What if I got a *pink* cover letter with this notice in the mail?

If you got a *pink* cover letter, then you did not get a notice in the mail before now. You also received a Claim Form and Blue Sheet(s) with this notice, and **you may file a Claim Form to seek a payment.**

### 12. What if I got a *yellow* cover letter?

If you got a *yellow* cover letter, then your last notice did not accurately list all eligible claims, and you didn't submit a claim form. You also received a Claim Form and Blue Sheet(s) with this notice, and **you may file a Claim Form to seek a payment.**

### 13. What if I got a *green* cover letter?

If you got a *green* cover letter, then you previously received notice of all your eligible claims and you submitted a valid Claim Form, therefore **you may not file a new Claim Form.** Your personalized letter may also describe an option to document your previously filed Group C claim to possibly enhance your payment.

## HOW TO GET A PAYMENT—SUBMITTING A CLAIM FORM

### 14. How can I get a payment?

If you are one of the people described in Question 11 or 12 above then you must complete and submit a Claim Form and mail it with the Blue Sheet (and the proof documents if you are submitted B or C claims) to the address on the form postmarked by **April 10, 2015.** Read the Claim Form carefully and follow all instructions.

### 15. What are the different claim types?

Group A – **No Documents Required:** You don't have to prove anything for a Group A claim and a share of the net cash Settlement. Just choose Group A for all or some of the claims on your blue sheet.

Group B – **Paid a Balance Bill:** If you can prove you got and paid a balance bill from a medical provider for any of the claims on your blue sheet you may select Group B for that claim and potentially get more reimbursement than under Group A. Group B claims require these documents: a) a copy of the balance bill and/or b) proof that you paid all or part of that balance bill on or before April 24, 2008.

Group C – **Owe a Balance Bill:** If you received a balance bill from your provider dated before April 24, 2008, and prove you still owe all or part of that balance bill, you may have a Group C claim and you could get a portion of that bill discharged. Group C claims require these documents: (a) a copy of the most current balance bill, and/or (b) proof of all payments made by you, and/or adjustments to the balance bill made by the provider, since April 24, 2008.

### 16. Can I get help to document my Group B or C claim?

If you don't have your own medical billing records for balance bills you received before April 24, 2008 (such as checking account records, credit card statements, and/or billing statements from your provider), please contact your provider. You may also ask the Claims Administrator to contact your provider for you if you complete a copy of the enclosed HIPAA authorization form for each provider and send to Claims Administrator as soon as possible for help. Note that you are ultimately responsible for obtaining any proof required for your claim, and if proof cannot be obtained for a Group B or C claim it will be treated as a Group A claim.

### 17. When will I get a payment?

If Judge Hochberg approves the Amendment after a hearing on **March 3, 2015** (see “The Court’s Fairness Hearing” below), payments will be mailed after claims are processed and any appeals are resolved—if they can be resolved. This takes time. Please be patient.

### 18. What rights am I giving up if the Amendment is approved?

Except for those who were excluded before, or who have the right to request exclusion now (received *pink* cover letter) all of the Court’s orders will apply to you and legally bind you whether you submit a Claim Form or not. If the Amendment is approved by the Court, you will “release” Health Net from liability as described in the Claim Form and Release. Talk to Class Counsel (See the section on “The Lawyers Representing You” below) if you have questions about the released claims or what they mean.

## ASKING TO BE EXCLUDED FROM THE SETTLEMENT

If this is your first mailed notice about the Health Net settlement (you got a *pink* cover letter), this section applies to you. If you don’t want a payment or to be legally bound, then you must ask to be excluded from, *i.e.*, “opt out” of, the Health Net class actions.

### 19. How do I request to be excluded?

To request exclusion, you must send a letter by mail saying that you want to be excluded from the Health Net class actions. Be sure to include your full name, address, telephone number, and your signature. You must mail your request postmarked by **February 24, 2015** to Health Net Class Action Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9007, Jericho, NY 11753-8917.

### 20. If I don’t ask to be excluded, can I sue Health Net for the same thing later?

No. Unless you ask to be excluded, you give up any right to sue Health Net for the claims that this settlement resolves. You request exclusion from this Class to sue Health Net over the claims resolved by this settlement.

### 21. If I ask to be excluded, can I get a payment?

No. If you request exclusion, do not submit a claim form to ask for a payment.

## THE LAWYERS REPRESENTING YOU

### 22. Do I need a lawyer?

In 2008, the Court appointed the law firms of Wilentz, Goldman & Spitzer P.A., 90 Woodbridge Center Drive, Woodbridge, NJ 07095, and Pomerantz LLP, 600 Third Avenue, New York, NY 10016, to represent you and other Class members as “Class Counsel.” You can reach them through the toll free number below, or you may call 1-800-573-6651. If you want to be represented by your own lawyer, you may hire one at your own expense.

### 23. How will Class Counsel be paid?

When the Settlement (valued at up to \$240 million) was approved in 2008, the Court awarded fees and expenses to Class Counsel totaling about \$72 million. Class Counsel believe the overall value to the Class has been enhanced by the Amendment, but do not seek any fees from the \$6,250,000 that will be paid by Health Net if the Amendment is approved.

**QUESTIONS? CALL 1-800-766-3330 TOLL FREE, OR VISIT [WWW.HEALTHNETCLASSACTION.COM](http://WWW.HEALTHNETCLASSACTION.COM)**

## OBJECTING TO THE AMENDMENT TO THE SETTLEMENT

### 24. Why would I object to the Amendment?

The Court approved the original Settlement in 2008 and it is final. However, any Class member, including first time claimants, can object to any aspect of the Amendment. You can give reasons why you think the Court should not approve it. The Court will consider your views.

If you submitted an eligible claim after the notice was issued in 2008 and you were qualified to receive a payment, you were sent a partial payment in 2013. Considering the remaining net cash fund (about \$39.2 million) and the additional cash under the Amendment (\$6.25 million), and depending on: 1) the value of the claims that are submitted by Class members who now have a chance to submit their claims for the first time; and 2) the value of claims that would have been paid separately by Health Net under the original Settlement if they had been approved as Group B or C claims; your final payment may be greater than or less than it otherwise would have been had there been no Amendment. The effect on your payment will not be known until after all new Claim Forms are received and processed.

### 25. How do I object to the Amendment?

To object, send a letter saying you object to the Health Net Class Action Amendment. Be sure to include your name, address, telephone number, your signature, and your Health Net Identification Number if you have it, as well as the reasons you object to the Amendment. Mail the objection to these three places postmarked by **February 24, 2015**:

CLASS COUNSEL	HEALTH NET COUNSEL
Marc I. Gross, Esq. Pomerantz LLP 600 Third Avenue New York, NY 10016	Jay H. Calvert, Jr., Esq. Morgan, Lewis & Bockius LLP 1701 Market St. Philadelphia, PA 19103
Kevin P. Roddy, Esq. Wilentz, Goldman & Spitzer, P.A. 90 Woodbridge Center Drive Woodbridge, NJ 07095	

If you have the right to request to be excluded (you got a pink letter), you cannot object if you ask to be excluded.

## THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Amendment. You may attend and you may ask to speak, but you don't have to.

### 26. When will the Court decide whether to approve the Amendment?

The Court has scheduled a Fairness Hearing at 9:00 a.m. on **March 3, 2015**, at the federal courthouse in the Martin Luther King Building at 50 Walnut Street, in Newark, New Jersey. At this hearing, the Court will consider whether the Amendment is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Hochberg will listen to people who have asked to speak at the hearing. After the hearing, the Court will decide whether to approve the Amendment. We do not know how long this decision will take. The hearing may be moved to another day, time, or location, so check the website below for updates.

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### **27. Do I have to come to the hearing?**

No. Class Counsel will answer questions that the Judge may have. But, you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it's not necessary.

### **28. May I speak at the hearing?**

If you are a Class member, you may ask to speak at the Fairness Hearing by sending a letter with your "Notice of Intention to Appear in McCoy v. Health Net." Be sure to include your name, address, telephone number, your signature, and your Health Net Identification Number if available. Your notice of intention to appear must be postmarked by **February 24, 2015**, and be sent to the three addresses in Question 25. You may not speak at the hearing if you request to be excluded.

## **IF YOU DO NOTHING**

### **29. What happens if I do nothing at all?**

Except for those who the Court allows to be excluded, all Class members will be bound by whatever the Court decides about the Amendment. If you received a Blue Sheet and Claim Form with this notice and you do nothing, you will get no payment for those eligible claims, and give up your rights regarding them.

## **GETTING MORE INFORMATION**

### **30. How can I learn more about the Amendment?**

This notice summarizes the proposed Amendment. You may read the original Settlement Agreement, the Amendment to the Settlement, and other documents at [www.healthnetclassaction.com](http://www.healthnetclassaction.com). If you have questions, call 1-800-766-3330.