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ProPublica Article Highlights Pattern of Denying Payments for Previously Authorized Care

A recent article by ProPublica highlighted troubling findings involving an investigation into how Blue Cross Louisiana denied payments previously authorized for women undergoing breast cancer reconstruction surgery at a highly specialized surgery center and hospital. The investigation relied on interviews with scores of doctors, patients and insurance executives, as well as reviews of internal documents, regulatory filings and academic studies. It found the health insurer, which holds 89% of the commercial individual market share and 75% of the group market share in Louisiana according to AIS Health, was able to wield its hugely consolidated power to unfairly prevail in payment dispute claims and appeals.

In a court case the surgery center filed alleging that Blue Cross Louisiana had engaged in fraud by intentionally denying payments, the lawyer for the hospital stated, “our payments are slow pay, low pay, or no pay.”

Insurance executives testified in court that while prior authorization recognized the procedure was medically necessary, clauses in their contracts also stipulated authorization was "not a guarantee of payment." The investigation uncovered that the insurer paid, on average, less than 9% of the charges billed for more than 7,800 individual medical procedures it had previously approved at the surgery center. When claims payments are denied or paid only in part, the provider either absorbs the cost or may be forced to pass the cost onto the patient.

The lower payments resulted after the surgery center could not come to an agreement with Blue Cross Louisiana to be considered an in-network provider. Yet, in seemingly hypocritical fashion, the investigation also found that Blue Cross executives had signed special one-time single case agreements to pay for their wives' cancer treatment at the same surgery center.

Documents uncovered because of the court case found that Blue Cross Louisiana had put the center on a "Targeted Provider List" and had never considered paying a higher amount after the center appealed a denial. According to ProPublica, rather than attempting to negotiate a fair payment with the surgery center and hospital, effectively, Blue Cross Louisiana simply set the rules and prices for payment. It also alleged that Blue Cross insurers have a monetary incentive to set artificially lower payments to out-of-state providers, by having the Blue Cross plan in the state where the procedure occurs pay the provider a lower reimbursement than the out-of-state health plan would otherwise pay, and then earning 16% of the savings.

After previous lawsuits the surgery center had brought against the insurer had been dismissed largely on technicalities, the surgery center finally prevailed in September of 2024. A jury found Blue Cross Louisiana liable for fraud and awarded the surgery center and hospital $421 million in damages, though the insurer is appealing the verdict.

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