

CONTACT: Cyrus Mehri
Mehri & Skalet, PLLC
(202) 822-5100

Lin Wu
(917) 885-4665

**UNINSURED PATIENTS FILE CLASS ACTION LAWSUIT IN ILLINOIS STATE COURT
AGAINST RESURRECTION HEALTH CARE FOR FRAUD AND PRICE GOUGING**

**RESURRECTION'S SHARP DECLINE IN CHARITY CARE AND ITS DISCRIMINATORY
POLICIES, INCLUDING SERVICE AREA LIMITATIONS, HAVE DISPROPORTIONATELY
HURT IMMIGRANTS AND LATINOS**

**LT. GOV. PAT QUINN AND U.S. CONGRESSMAN LUIS GUTIERREZ ATTEND 2PM PRESS
CONFERENCE TODAY TO DISCUSS RESURRECTION AND THE NEED FOR
HOSPITAL REFORM**

FOR IMMEDIATE RELEASE

Chicago, Illinois, September 16, 2004 – Resurrection Health Care Corporation

("Resurrection") has been charged today in a class action lawsuit brought by uninsured patients with violating Illinois fair business practices laws by charging uninsured patients inflated rates that are substantially higher than rates for insured patients; using aggressive and abusive collection tactics; and dissuading poor uninsured patients from applying for charitable care. Resurrection's policies, which are in violation of both Illinois law and the hospital's stated charitable mission, disproportionately hurt immigrants and Latinos, groups who are less likely to have health insurance. The lawsuit was filed in the Circuit Court of Cook County.

A press conference will be held today to announce the class action lawsuit against Resurrection.

Who: Lieutenant Governor Pat Quinn, U.S. Congressman Luis Gutierrez, Attorney Cyrus Mehri and plaintiffs in the lawsuit.

When: Thursday, September 16 at 2 p.m.

Where: 120 North La Salle Street, 8th Floor, Chicago, Illinois

Violation of Illinois Law

The plaintiffs allege that Resurrection charges uninsured patients unreasonable rates that substantially exceed the amount charged to other patient groups, and then when poor uninsured patients can't pay, Resurrection harasses them through aggressive collection tactics such as suing them for the full amount of the unreasonable charges and garnishing their wages.

Resurrection-controlled hospitals have filed more than 2,000 collection suits between January 1,

2000 and June 1, 2004. In over 100 of these lawsuits, the court granted indigency petitions to patients too poor to even pay the court appearance fee.

Resurrection's unlawful conduct also includes its efforts to dissuade uninsured patients from applying for financial assistance to pay their hospital bills. The lawsuit claims that the price gouging and the abusive collection efforts have financially crippled many patients of Resurrection. This overcharging is done in "flagrant disregard of Resurrection's own stated mission to provide 'compassionate and holistic care responsive to individual needs,' and to be 'proactive in addressing the needs of the poor and marginalized,'" said Cyrus Mehri, lead attorney in the case.

Aixa Reyes, one of the uninsured plaintiffs in the case, is a 40-year-old mother of four who suffers from diabetes and high-blood pressure. In 1999, she was brought to the emergency room at St. Elizabeth, a Resurrection hospital, for a diabetic episode and was billed for over \$3,000. At the time, she earned approximately \$1,200 a month and had no health insurance. Resurrection never informed her of the availability of charity care, but instead pressured her with aggressive phone calls and letters to make payments that equaled her weekly take-home pay. Because she could not afford to do so, St. Elizabeth sued her even after she was deemed indigent by the judge. Aixa began making \$50 monthly payments to Resurrection until she was laid off, at times even going without the insulin and syringes that she pays for out-of-pocket. When she had to stop making payments, the hospital initiated wage garnishment proceedings.

Carol Niewinski, the other named plaintiff, was admitted to the emergency room of one of Resurrection's hospitals in 2001 for emergency gallbladder surgery. Seven days later, she was discharged with a bill for \$25,116. She had no health insurance and was five years away from qualifying for Medicare. At the time of her gallbladder surgery, Carol and her husband Frank's income was \$1,700 per month. In 2002, she visited another Resurrection hospital several times for severe post-menopausal bleeding, resulting in additional bills totaling \$30,000. The Niewinskis were denied charity care for this bill by the hospital after a lengthy application process. After Resurrection brought suit against them for the initial bill and collection lawyers began calling to pressure them, the Niewinskis agreed to a steep \$300 per month payment—more than a quarter of their monthly income.

Breach of Tax-Exempt Obligation

The suit alleges that because Resurrection receives approximately \$50 million in tax exemptions per year, it is required to offer affordable care to the uninsured. In fact, the amount of charitable care that Resurrection has provided in recent years has declined dramatically—a 59% overall reduction since 2001. According to the claim, in 2003, only one half of one percent (.53%) of Resurrection’s total charges for services provided to Illinois patients in eight of its hospitals consisted of charitable care. In addition, Resurrection implemented an out-of-service area policy in 2002, the only one in Cook County to do so, that placed limitations on whom could receive healthcare at Resurrection hospitals—a policy that disproportionately excludes immigrants and Latinos. According to the suit, the 2002 policy also made it more difficult for uninsured patients to apply for charity care by imposing onerous documentation requirements, including demanding as many as nine different forms of required identification and proof of income. In addition to making it easier to deny qualified patients for charity care, this policy dissuades poor uninsured patients from even applying for financial assistance. Moreover, until January 2004, Resurrection failed to adequately notify uninsured patients that charity care was available.

Resurrection’s Growing Prosperity

The lawsuit points out that while this decline in charity care has been taking place, Resurrection has only grown wealthier. Although Resurrection enjoys the full tax advantages of a non-profit hospital system, it is in reality, quite profitable. Resurrection is now the second-largest healthcare system in the metropolitan Chicago area, with over \$1.2 billion in annual revenue. For the year ending June 30, 2003, Resurrection reported over \$47 million in excess income with total net assets over \$1.6 billion, nearly double its reported assets in 1998.

“Resurrection Health Care has lost its moral compass. For decades, Resurrection was a hospital known for treating all patients, including immigrants and the needy, with compassion, respect, and dignity—regardless of their ability to pay or where they lived. Resurrection has become the poster child in a national crisis in which charitable hospitals defraud and overcharge the uninsured,” said attorney Cyrus Mehri.

The law firm representing the plaintiffs is Mehri & Skalet, PLLC.

For more information about the lawsuit, please visit www.findjustice.com.

###