

Patients left in lurch with abrupt closing of La Vida Medical Group

By Melissa Evans Staff Writer

A large medical group that runs three clinics and administers health insurance plans for thousands of South Bay residents abruptly ceased operations this summer, leaving patients in the lurch and providers without payment.

La Vida Medical Group, based in Lawndale, is being sued by dozens of diagnostic centers, medical supply companies, physicians and others for millions in unpaid bills, court records show.

The California Department of Managed Health Care ordered nine health insurance companies to move patients out of La Vida Medical Group and its affiliates, Prairie Medical Group and La Vida Multi-Specialty Medical Center, after declaring the company financially insolvent.

"We worked with (La Vida) for a while on a corrective action plan to try to help them come into compliance," said Denise Schmidt, spokeswoman for the state regulatory agency. "After a while they just weren't making progress."

Dr. Christopher Chidi, a vascular surgeon who runs the private group, could not be reached for comment this week. The Rancho Palos Verdes resident did not return several calls to his office and home, and the phone numbers for the

company's clinics in Hawthorne and Culver City were disconnected.

Chidi's Los Angeles attorney, Samuel Ogbogu, also did not return phone calls.

The lone worker at La Vida's Lawndale administrative offices on Redondo Beach Boulevard said this week she was only there to pick up mail, and that the business had indefinitely suspended operations.

La Vida's website says it serves 120,000 patients in Los Angeles County, and has a network of about 1,400 providers and contract agreements with more than a dozen hospitals.

The company served as an intermediary between providers and patients who are covered by nine insurance companies: Aetna, Blue Cross, Blue Shield, Care 1st, Cigna, Health Net, Molina, PacifiCare and Secure Horizon.

The insurance companies pay local groups like La Vida a lump sum of money to assume all of the financial risk for medical claims, and to handle other administrative duties such as customer service. Often these groups, such as La Vida, also run their own clinics and affiliate with doctors to provide more efficient and cost-effective care.

Patients who were members of the La Vida or Prairie groups may be forced to change doctors, though an insurance spokeswoman said they try to match patients with other groups that include the same doctors.

"All members received advance written notice of the contract termination between La Vida and Anthem," Jennifer Lorge, regional vice president for Anthem Blue Cross, said in a written statement. "The notices told members that La Vida would no longer be part of Anthem's provider network and

that either they needed to select a new physician/medical group or one would be selected for them by Anthem."

The insurance company included information about what to do if patients were in the midst of treatment with a specific doctor, Lorge said, and called enrollees before the termination occurred in early July. Health coverage for patients, however, is not affected, officials said.

The providers - such as doctors, clinicians, suppliers and others - appear to be the potential losers. They cannot legally bill patients for treatment their insurance should cover, said Andrew Selesnick, an attorney representing several providers.

Selesnick said about a half-dozen physicians groups plan to sue the insurance companies directly for payment; otherwise, the doctors are out millions of dollars.

"This is a substantial amount of money for doctors," he said. "This certainly affects patients - if the (physicians group) is not taking care of its bills, the doctors aren't going to want to see these patients and they'll probably have difficulty finding specialists. But, really, the doctors are the ones left holding the bag."

In July alone, Los Angeles County Superior Court records show several companies and groups filed breach of contract claims against La Vida, including:

Quest Diagnostics for \$2.5 million.

Los Angeles Oncology Medical Group for \$213,766.

Los Angeles physicians Nail and Maribel Khoury for \$280,378.

PSS World Medical Inc. for \$24,791.

Two Los Angeles dermatologists for \$15,738.

Collection agencies are also prominent among the plaintiffs, suing La Vida for hundreds of thousands of dollars worth of unpaid services on behalf of unnamed providers throughout Los Angeles County. Chidi is also being sued by his business landlord, Grabel Financial, LLC.

The attorney for Quest Diagnostics and PSS World Medical, Craig Bronstein, was not aware that La Vida had ceased operations, or that the state took action essentially barring them from doing business.

Bronstein said his firm will review the various remedies allowed under state law to "vigorously enforce our clients' rights through all available statutory and regulatory means."

Financial records of La Vida were not immediately available; this information was redacted from state public records. It is clear, however, that La Vida's financial troubles began in the first quarter of 2007, and continued until at least the end of 2009.

Under federal law, insurance companies or those who hold insurance contracts must keep a certain amount of money in the bank to pay their liabilities, and La Vida did not have adequate reserves, according to the state.

Selesnick said he wished the state had acted sooner to warn physicians, and order insurance companies to take action.

"This company didn't pay a thing, nothing, for years," he said. "It is very frustrating to doctors."

The California Medical Association had been receiving complaints for some time about La Vida, and recently posted

a notice on its website warning providers, said Andrew LaMar, a spokesman for the trade group.

"We're eagerly waiting to see what happens," he said.

The majority of the lawsuits were filed last month, though nearly two dozen other lawsuits had been filed against the company in 2008 and 2009.

It is unclear what will become of the business; La Vida so far has not filed for bankruptcy. Its clinics, however, are shuttered, along with its Lawndale administrative building.

On its website, the company acknowledges that the current health care marketplace is competitive, and that there is constant attrition in the number of health plans and health care providers.

"Instability, insolvency, forced acquisitions and mergers have become the order of the day in an erstwhile, benign environment," the site reads. "Despite rate freezes and industry cutbacks, La Vida has remained an extremely viable enterprise, without skimping on quality, service or excellence."