

AG files lawsuit against Presbyterian Health, subsidiaries

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SANTA FE – Attorney General Hector Balderas announced that he has filed a lawsuit against Presbyterian Health Plan, Presbyterian Network, and Presbyterian Insurance Co. July 11, for fraud based on the systematic, deliberate underpayment of taxes on premiums received or written.

The Office of the Attorney General's complaint alleges that between 2001 and 2015, Presbyterian routinely filed false claims for premium tax deductions and credits, thereby defrauding the people of New Mexico and evading its legal duty to pay these taxes.

The Presbyterian lawsuit is the first action brought by the Attorney General as part of his independent civil and criminal review, which is ongoing, and this lawsuit is limited to Presbyterian's alleged false claims for reductions related to the Medicaid program.

"New Mexicans deserve a healthcare system they can trust," Balderas said. "When insurance providers break the rules, they must face consequences. My office is working with the State Auditor to make sure that Presbyterian—and any other companies that engaged in similar fraudulent conduct—are held responsible for the serious injuries imposed on New Mexican taxpayers."

Under New Mexico law, every insurer doing business in New Mexico is required to pay a premium tax and surcharge. According to the Office of the Attorney General's complaint, Presbyterian falsified its Medicaid deductions and credits, thereby evading tens of millions of dollars in premium taxes and surcharges.

The complaint includes counts for violation of the Fraud Against Taxpayers Act, violation of the

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New Mexico Insurance Code, unjust enrichment, fraud, and negligent misrepresentation. In addition to seeking millions of dollars in unpaid taxes, the complaint seeks civil penalties and punitive damages.

The Office of the Attorney General, as chief prosecutor in the State of New Mexico, is taking control of a lawsuit previously filed by whistleblowers in the Office of the Superintendent of Insurance.

The New Mexico Office of the Attorney General is a statewide law enforcement and oversight agency with both criminal and civil jurisdiction. In November 2016, the Legislative Finance Committee, the Department of Finance and Administration, and the Officer of the State Auditor requested the Attorney General's assistance in reviewing potential underpayments of premium tax by major healthcare companies.

The Attorney General's comprehensive civil and criminal review of allegations related to potential underpayment by Presbyterian and other healthcare companies is ongoing. The Office of the Attorney General remains open to further actions and prosecutions as more evidence comes to light.

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