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Horizon BCBS To Pay $100M To End NJ AG's Overcharge Suit

By **Carla Baranauckas**

Law360 (November 14, 2025, 11:31 AM EST) -- Horizon Blue Cross Blue Shield of New Jersey has agreed to pay the state $100 million to resolve allegations that it fraudulently secured a multibillion-dollar contract to administer public employee health plans and then systematically overcharged taxpayers for years, Attorney General Matthew J. Platkin announced Friday.

The settlement, which Platkin says is the largest non-Medicaid False Claims Act recovery in New Jersey's history, resolves claims that Horizon violated the New Jersey False Claims Act by inducing the state to award it a 2020 third-party administrator contract while concealing that it could not meet a key cost-saving requirement known as the "lesser of" provision. The state also alleged that Horizon submitted more than 1,000 false claims and issued inaccurate explanation of benefits forms to members during the life of the contract.

"At a time when everyone is rightly concerned about the cost of their healthcare, it is simply unacceptable that an insurance company would seek to defraud our state and overcharge us while driving up the costs of healthcare for hundreds of thousands of dedicated public servants," Platkin said in a statement. "We will not hesitate to hold accountable anyone who breaks the law and harms our residents, no matter how big or powerful you are."

Horizon, which admits no wrongdoing under the settlement, took issue with Platkin's statement.

"This has never been anything more than a straightforward contract dispute, one that Horizon tried to resolve in good faith more than four years ago in the same way it has resolved similar disagreements over the course of our long and fruitful partnership with the state: through a negotiated reimbursement," Horizon spokesman Thomas Wilson said in a statement.

The company said Platkin had chosen to turn the settlement into a "media circus."

"This is particularly disappointing as Horizon entered this agreement in the spirit of good faith and partnership that has always defined our relationship with the state," Wilson said. "Stripped of the attorney general's over-the-top rhetoric, this settlement resolves a contractual dispute concerning how a relatively small number of claims should have been paid."

The dispute stemmed from a cost-containment mechanism added to the 2020 contract bid specifications requiring third-party administrators to bill the state the lesser of either the provider's charge or the prenegotiated reimbursement rate.

According to the state's complaint, Horizon knew from internal analyses that it could not meet the requirement but bid anyway — securing the multiyear, multibillion-dollar contract and nearly $500 million in administrative fees. Prosecutors say the company then billed the state amounts above providers' actual charges and masked the overpayments through inaccurate explanations of benefits showing that the plan paid only the lower "charged amount."

The complaint further alleged that Horizon executives discussed the possibility of issuing refunds later to make the state whole, acknowledging the noncompliance before the bid was even submitted.

The Division of Pensions and Benefits, with assistance from the Treasurer's Office, began investigating Horizon's performance in April 2021 — months before a group of relators filed a qui tam suit under the New Jersey False Claims Act.

Although the federal government declined to intervene, the state conducted a multiyear inquiry and ultimately filed its own complaint in intervention on Nov. 7, asserting claims for fraudulent inducement, presentation of false claims, use of false records, breach of contract and unjust enrichment.

Under the agreement, Horizon must pay $100 million within 25 days. The insurer also agreed to halt its "lesser of" violations, stop issuing inaccurate explanations of benefits and comply fully with the provision in its current contract, awarded in December 2023.

The settlement imposes extensive injunctive relief, including daily, monthly and quarterly verification reporting through the end of 2025, and procedures governing how Horizon must address any newly identified "lesser of" discrepancies.

Five of the six relators will receive a $12 million share, a negotiated amount below the statutory range. The state declined to allocate any share to former Division of Pensions and Benefits Assistant Director Christin Deacon, who learned of the alleged conduct in her official capacity overseeing the 2020 contract.

Horizon administers health benefits for more than 750,000 state employees, early retirees and their families, and manages billions in annual medical spending statewide.

The relators are represented by Jon Corey and David Schiefelbein of McKool Smith.

Horizon Healthcare Services Inc. is represented by Craig P. Murphy and Antonio J. Casas of Windels Marx and Nicholas H. Peterson of Horizon Blue Cross Blue Shield of New Jersey.

The state of New Jersey is represented by Assistant Attorney General Lara J. Fogel, Deputy Attorneys General Brian DeVito, Emma Y. Xiao and Catriona Coffey and Assistant Attorney General Beth Leigh Mitchell.

The case is Matthew J. Platkin, Attorney General of New Jersey et al. v Horizon Healthcare Services Inc. dba Horizon Blue Cross, case number 2:21-cv-20188, in the U.S. District Court for the District of New Jersey.

--Editing by Daniel King.

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