



Legislation Text

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Blue Cross and Blue Shield of New Jersey, Inc., et al v. R.J. Reynolds Tobacco Company, et al; Case No. CV 98-3287 (JBW), U.S. District Court, Eastern District of New York.

The City Commission decline to join a lawsuit styled Blue Cross and Blue Shield of New Jersey, Inc., et al v. R.J. Reynolds Tobacco Company, et al; Case No. CV 98-3287 (JBW), U.S. District Court, Eastern District of New York.

Blue Cross and Blue Shield of Florida (BCBSF) has advised the City that it, along with other Blue Cross and Blue Shield companies, has filed a lawsuit against various tobacco companies seeking reimbursement of damages attributable to the payment of health cases for tobacco-related illnesses.

BCBSF has offered the City, as a claims administrator, the opportunity to join as a plaintiff in the lawsuit. The BCBSF proposal calls for the City to assume litigation costs on a pro-rata basis with the other plaintiffs. BCBSF does not know the amount of the costs, but anticipates it will be substantial. In addition, if the Tobacco Companies would conduct discovery relating to the City's specific plan, the City would directly bear those costs. There may also be other expenses that the City would directly have to incur.

The City would have no ability to actively participate in the lawsuit's planning or trial. Furthermore, the City could not monitor the case as no updates on the litigation would come from the plaintiff's attorneys. Moreover, the City would not be consulted or allowed to reject any settlement of the case, if one is reached. If BCBSF and the other plaintiffs were to prevail or settle the case, the City could receive some payment, less the City's pro rata share of litigation expenses. The amount of recovery, if any, can not be determined at this time.

It is City Management's opinion that any recovery by the City from this litigation would likely be minimal. Furthermore, the inability of the City to participate in expenses, trial strategy or settlement causes City Management and the City Attorney to recommend that the City decline to join in this litigation.