



# America's Health Insurance Plans v. Hudgens, 742 F.3d 1319 (11th Cir. 2014)

Topics Covered: ERISA Preemption, Prompt Payment Laws

**Outcome: Very Unfavorable**

## **Issue**

The issue in this case was whether portions of the Georgia Prompt Pay Amendment can be declared invalid, as preempted under the federal Employee Retirement Income Security Act (ERISA).

## **AMA Interest**

The AMA supports laws that require prompt payment of health insurance benefit claims, including claims made against self-funded health insurance plans and their third party administrators (TPAs).

## **Case Summary**

On May 23, 2011, Georgia amended its prompt payment law to cover self-funded health insurance plans and the TPAs of those plans. As a result of the Prompt Pay Amendment, self-funded plans and TPAs can be subject to interest charges and monetary penalties if they fail to pay health insurance claims promptly.

America's Health Insurance Plans (AHIP), a health insurance trade association, sued the Georgia Insurance Commissioner (currently, Ralph T. Hudgens) to have portions of the Prompt Pay Amendment declared invalid, as preempted under ERISA. AHIP also moved for a preliminary injunction to prevent enforcement of the Prompt Payment Amendment during the pendency of the lawsuit. The Insurance Commissioner, in turn, moved to dismiss the complaint.

On December 31, 2012, the court found that ERISA preempted the Prompt Pay Amendment. It therefore denied the Insurance Commissioner's motion to dismiss and preliminarily enjoined enforcement of sections of the Prompt Pay Amendment.

The Insurance Commissioner appealed the preliminary injunction to the Eleventh Circuit, but the Eleventh Circuit affirmed on February 14, 2014.

## **AMA/Litigation Center Involvement**

The Litigation Center, along with the AMA and Medical Association of Georgia, asked the court for leave to intervene as defendants and to support the Prompt Pay Amendment. The court

never ruled on that motion. The Litigation Center attorneys have also advised the Insurance Commissioner on legal strategy.

The Litigation Center filed an amicus brief in the Eleventh Circuit, urging reversal of the preliminary injunction. In addition, the Litigation Center participated in the oral argument.

United States Court of Appeals for the Eleventh Circuit brief