



AMA v. MultiPlan (N.D. Ill.)

Topics Covered: Managed Care, Antitrust

Issue

This issue in this case is whether MultiPlan, a company that helps health insurance companies calculate payments to physicians and other health care providers, is violating federal antitrust laws through a “hub-and-spoke” price-fixing conspiracy.

AMA Interest

The AMA is to use every available means to maintain a level of payment from health insurance companies that is sustainable and reflects the full cost of practice and the value of the care provided. Out-of-network payments are not to be based on a contrived percentage of the Medicare rate or rates determined by the insurance company. Physicians have the right to establish their fees at a level which they believe fairly reflects the costs of providing the service and the value of their professional judgment. The AMA is to engage with health plans to facilitate price transparency.

Case Summary

Many of the major health insurance companies in the United States have agreed on common rates they will pay to out-of-network health care providers, including physicians. The agreement is based on a rate structure developed by MultiPlan, Inc., a company that is separate from but works collusively with the insurance companies. The MultiPlan rates are substantially below fair market value and below the payment levels set by the FAIR Health database. In some instances, the fees are fixed according to an arbitrary percentage of Medicare payment rates. The price fixing scheme is maintained under a veil of secrecy, so that neither physicians, nor law enforcement, nor the general public can determine how the fees are being calculated.

The insurance companies who are in on the scheme have agreed to pay according to the MultiPlan prices. The insurance company payments are generally forced upon physicians on a “take it or leave it” basis. If physicians reject the proffered payments, they must then balance bill their patients for a sum that might exceed the patients’ ability to pay. The price fixing scheme results in underpayments to physicians of billions of dollars per year.

Lawsuits have been filed in the Northern District of California, the Northern District of Illinois, and the Southern District of New York, and other venues to challenge the purported anti-trust conspiracy. The cases were filed in late 2023 and in 2024.

The cases were referred to the Judicial Panel on Multidistrict Litigation (JPML) for transfer to a single district and consolidation under the Multidistrict Litigation Statute, 28 U.S.C. § 1407. On August 1, 2024, the JPML transferred the cases to the Northern District of Illinois.

Litigation Center Involvement

The Litigation Center and Illinois State Medical Society are plaintiffs in the case.

Complaint