



Associated Pathology Consultants v. United Healthcare of Illinois

(American Arbitration Association)

Topics Covered: Payment Issues (for Physicians)

Outcome: Favorable

Issue

The issue in this case was whether in-network clinical pathologists could charge patients' insurance companies for professional component services.

AMA Interest

The AMA advocates that third party payers provide appropriate coverage for plan oversight codes, such as codes used for billing professional component services. The AMA also believes that a professional fee should be paid directly to the appropriate physician for clinical laboratory work, regardless of payer source.

Case Summary

The "professional component" of pathologists' services involves the supervision of a pathology laboratory, to make sure that the diagnostic testing equipment functions properly and that the laboratory personnel are qualified for their jobs and follow appropriate protocols. These services are rendered for the benefit of all patients tested by the laboratory, so a specific professional component service is difficult to correlate directly with a benefit for a specific patient, distinct from the benefits to other patients. Professional component services are billed and paid separately from services in which a pathologist performs or analyzes a laboratory test for a specific patient.

Prior to July 19, 2004, United Healthcare of Illinois routinely reimbursed in-network pathologists' professional component services. Beginning on that date, however, UHC of Illinois denied reimbursement for pathologists' professional component services.

The claimant in this action, Associated Pathology Consultants, filed a class arbitration with the American Arbitration Association to contest the UHC of Illinois change of policy. They contended that UHC of Illinois was obliged to pay for pathologists' professional component services as a "covered Health Service" under its standard participation contracts. They sought compensatory damages for breach of contract, plus a declaration that, going forward, UHC of Illinois would be obliged to pay for pathologists' professional component services.

The claimants secured an order from the arbitration panel allowing the case to proceed on a class basis. UHC of Illinois appealed that order to a court, but the court affirmed the class arbitration order on appeal. The case was then remanded to the American Arbitration Association.

The case was subsequently settled.

AMA/Litigation Center Involvement

The AMA CPT Department offered expert testimony to support the plaintiff pathologists.