



Batas v. Prudential Ins., 281 A.D.2d 260 (N.Y. App. Div. 2001)

Topics Covered: Health Plan Coverage, Managed Care Payments and Payment Issues (for Patients)

Outcome: Very Favorable

Issue

The issue in this case was whether a health insurer's promise in its policy to provide medical benefits consistent with prevailing medical opinion legally obliged it to do so, rather than relying on guidelines published by a third party.

AMA Interest

The AMA supports the full and appropriate provision of health care services.

Case Summary

The class action complaint charged that Prudential Insurance, through its PruCare policy, had promised to provide insurance benefits for medical care that were consistent with "prevailing [medical] opinion." Rather than providing such benefits, however, PruCare relied on guidelines created by Milliman & Robertson (M & R). The M&R guidelines allegedly were not based on proper clinical standards and did not reflect the generally accepted standard of care in the medical community. By relying on these and other guidelines not supported by good medical practice, the insurer denied needed treatment as not "medically necessary."

The complaint alleged a variety of legal theories, including breach of contract, breach of fiduciary duty, fraud, and improper interference with contractual relationships. It also alleged a violation of the New York consumer fraud statutes.

The trial court upheld the principal claims of the complaint against Prudential Insurance's motion to dismiss. Prudential Insurance appealed that ruling. The Appellate Division held that the complaint alleged a valid claim, affirming the trial court.

Litigation Center Involvement

The Litigation Center submitted an amicus curiae brief in the Appellate Division to support the trial court decision.