



Cathey v. Baptist Health (Pulaski Cty., Ark. Cir. Ct.)

Topics Covered: Medical Staff, Economic Credentialing and Hospitals

Outcome: Favorable

Issue

The issue in this case was whether a gynecologist on staff at a Baptist Health hospital could lose her privileges simply because her physician husband had an interest in a spine surgery hospital that competed with Baptist Health.

AMA Interest

The AMA opposes economic credentialing and supports the enforceability of medical staff bylaws by medical staff members.

Case Summary

This case arose from the Baptist Health Economic Credentialing Policy, which is intended to prevent physicians on the medical staff of any Baptist Health hospital from competing with Baptist Health. Dr. Cathey had served on the medical staff at Baptist Health Medical Center – Little Rock for approximately 19 years before the incidents giving rise to the lawsuit, and no one questioned her clinical competence. However, Baptist Health wanted to terminate her medical staff membership because her physician husband owned an interest in Arkansas Surgical Hospital, a hospital specializing in spinal surgery.

Because Arkansas Surgical Hospital is not equipped for gynecological care, Dr. Cathey could not, absent extraordinary circumstances, refer her patients to it. Thus, the sole purpose of the Economic Credentialing Policy, as applied to Dr. Cathey, was to thwart competition, rather than to protect legitimate commercial interests, such as trade secrets or patient relationships.

Dr. Cathey sued Baptist Health for a court order preventing the termination of her privileges. Her complaint alleged several legal theories, principally that the Baptist Health Economic Credentialing policy was an unlawful restraint of trade and in violation of the Arkansas Deceptive Trade Practices Act. The court temporarily enjoined Baptist Health from enforcing its Economic Credentialing Policy against Dr. Cathey.

The case ultimately settled. Although the full settlement terms were confidential, as a result of the settlement, Dr. Cathey's husband divested his interest in Arkansas Surgical Hospital, and Dr. Cathey was then allowed to remain on the medical staff at Baptist Health.

Litigation Center Involvement

The Litigation Center, along with the Arkansas Medical Society, provided financial support to Dr. Cathey's lawsuit. After her settlement with Baptist Health was finalized, Dr. Cathey refunded the money that the Litigation Center and the Arkansas Medical Society, had contributed toward her litigation costs.