



First State Orthopaedics v. Concentra, 534 F.Supp.2d 500 (E.D. Pa. 2007)

Topics Covered: Payment Issues (for Physicians)

Outcome: Neutral

Issue

The issue in this case was whether a physician class action settlement, which did not provide monetary payments to the plaintiff class, should have been approved.

AMA Interest

The AMA supports fair and prompt payment to physicians.

Case Summary

Concentra, Inc. and two of its subsidiaries provided cost management services to insurance companies and other entities that paid medical bills arising from workers' compensation injuries and automobile accidents. The services were of two types: maintenance of a PPO network and repricing of medical bills.

First State Orthopaedics brought a class action lawsuit in the United States District Court in Philadelphia, alleging breach of a form written contract and the supplying of incorrect repricing information. Almost immediately after the suit was filed, the parties agreed to settle it. The settlement, in essence, was that the defendants would make certain changes in their business practices, and the plaintiff class, which ostensibly included several hundred thousand physicians, would release any claims the members might have against the defendants. The settlement did not provide for monetary payments to the plaintiff class.

The AMA, along with a physician from Texas, objected to the settlement. At the preliminary approval hearing, the judge urged the parties to modify their settlement, bringing it more in line with the AMA (and the Texas physician's) objections, and the parties did so. While the revised settlement still fell short of what the objectors sought, it was an improvement over the original proposal. Even as revised, however, it did not provide monetary compensation to the plaintiff class.

On Oct. 16, 2007, the court approved the revised settlement.

AMA Involvement

The AMA retained legal counsel to object to the original settlement.