



North Jersey Brain & Spine Center v. Aetna, 801 F.3d 369 (3rd Cir. 2015)

Topics Covered: Payment Issues (for Physicians), Health Plan Coverage

Outcome: Very Favorable

Issue

The issue in this case was whether a patient's assignment of out-of-network health insurance benefits to the patient's physician is sufficient to confer legal standing in the physician to sue the patient's health insurance company for additional benefits under the health insurance policy.

AMA Interest

The AMA supports the right of physicians to receive full payment for their services.

Case Summary

North Jersey Brain & Spine Center (NJBSC) is a medical practice specializing in neurosurgical procedures and treatment of the brain and spinal cord. It has its patients sign "Insurance Authorization and Assignment" forms. Under these forms, the patient "assigns to [NJBSC] all payment for medical services rendered."

Three of NJBSC's patients are covered under the employer-provided Aetna health insurance plans, but NJBSC is outside the Aetna network. After the patients signed the NJBSC assignment forms, NJBSC obtained confirmation from Aetna that Aetna would cover the patients' surgeries. NJBSC surgeons then operated on these patients. Following the surgeries, NJBSC presented its bills to Aetna, but Aetna refused to pay.

NJBSC sued Aetna in the United States District Court for New Jersey. It asserted the above facts and claimed (a) Aetna had breached its health insurance policies, (b) as a result of such breach, Aetna had violated the Employment Retirement Income and Security Act (ERISA), and (c) by virtue of the assignments, NJBSC was under ERISA, empowered to collect the amounts properly due to the patients.

Aetna moved to dismiss the lawsuit. It asserted that the assignment forms were insufficient to vest standing in NJBSC. According to Aetna, the assignment forms effectively assigned such payments as Aetna may have made for the surgeries, but they did not assign a right in NJBSC to sue Aetna for additional benefits that might be claimed under the health insurance policies.

The district court judge held in favor of Aetna and dismissed the case without prejudice. However, the district court judge acknowledged that there was a difference of opinion among various judges on this issue, and the Third Circuit had not issued a definite ruling.

NJBSC asked the district court to allow NJBSC to petition the Third Circuit for an interlocutory appeal of the sufficiency of the assignments to sue for additional benefits under ERISA. This request was based, primarily, on the admitted differences of opinion among the district court judges. The trial court granted this request and stayed further proceedings until the Third Circuit rules.

The Third Circuit granted the NJBSC request for an interlocutory appeal.

On September 11, 2015, the Third Circuit reversed the dismissal of the case by the district court. Based on practical considerations, it held that the assignment forms should be read expansively, to include a right to sue not only for the benefits Aetna paid but also to sue for additional benefits that might be owed under its insurance policy.

Litigation Center Involvement

The Litigation Center, along with the Medical Society of New Jersey filed an *amicus* brief supporting NJBSC.

United States Court of Appeals for the Third Circuit brief