



Neighborhood Clinics v. Pathology CHP (Cook Co. IL Cir.Ct.)

Topics Covered: Payment Issues (for Physicians)

Outcome: Very Favorable

Issue

The issue in this case was whether pathologists' bills to patients for "professional component charges" related to oversight of pathology laboratories were deceptive or otherwise improper.

AMA Interest

The AMA believes that third party payers should provide appropriate coverage for oversight billing codes, such as codes used for billing professional component services.

Case Summary

Neighborhood Clinics owned and operated medical clinics. It contracted with managed care organizations (MCOs), which pay it on a capitation basis in exchange for providing health care services to the MCOs' beneficiaries. In turn, Neighborhood Clinics paid the bills of direct health care providers, such as hospitals and pathologists.

Neighborhood Clinics sued the defendant pathologists in a putative class action, after paying the pathologists' bills and then allegedly discovering that the "professional component" charges included in the bills related to oversight of the pathology laboratory rather than services attributable and rendered to specific patients to whom the bills were sent. Neighborhood Clinics sought recovery of its payments for professional component services based on claims of unjust enrichment and violation of the Illinois Consumer Fraud and Deceptive Business Practices Act. It also sought punitive damages and attorneys' fees. In response, the defendants argue that professional component billing is a generally accepted practice.

The court entered summary judgment for the physicians, and Neighborhood Clinics did not appeal.

Litigation Center Involvement

The Litigation Center joined the College of American Pathologists in an amicus brief supporting the right of pathologists to require patients to pay for the professional component services of clinical pathology.

Circuit Court of Cook County brief