



Prospect Medical Group v. Northridge Emergency Medical Group, 198 P.3d 86 (Cal. 2009)

39 Cal. Rptr.3d 456 (Cal. App. 2006)

Topics Covered: Payment Issues (for Physicians), Managed Care Payments

Outcome: Very Unfavorable

Issue

The principal issues in this case were whether, under California law, (a) out-of-network physicians who provided emergency services could "balance bill" patients (i.e., bill patients for the remaining balance after an insurer/managed care organization had paid a portion of the fee charged) who subscribed to managed care plans and (b) the Medicare rate for physician services (and the services of other health care providers) should be deemed "reasonable" compensation for those services.

AMA Interest

The AMA believes that physicians should be fairly paid for their services, particularly when those services are rendered under emergency situations and under the force of legal compulsion.

Case Summary

Northridge Emergency Medical Group and a co-defendant, Saint John's Emergency Medicine Specialists, Inc. ("the physicians"), rendered emergency room medical services to a number of patients covered by a managed care plan. The physicians did not participate in the plan, and they submitted bills for their services to Prospect Medical Group, a managed care organization. Prospect, in turn, paid the physicians the Medicare payment rates for the services rendered. In most instances, this was less than the amount the physicians had billed.

The physicians then billed the patients for the difference between the Prospect payments and the amount of their usual charges. The patients forwarded their bills to Prospect. On receiving the balance bills, Prospect sued the physicians.

The suit sought a declaratory judgment to prohibit the physicians from balance billing their patients. It relied on Cal. Health & Saf. Code §1379, which provides that, in certain instances, physicians may not balance bill their patients. However, it was unclear whether the statute should apply to emergency medical services.

The physicians moved to dismiss the complaint, which motion the trial judge granted. Prospect appealed to the California Court of Appeal, which ruled in favor of the physicians as to both issues. Prospect then appealed to the California Supreme Court.

The California Supreme Court reversed the trial court and the Court of Appeal, holding against the physicians. It found that, when read as a whole, Cal. Health & Saf. Code § 1379 impliedly prohibited balance billing, even for emergency services.

Litigation Center Involvement

The California Medical Association (CMA) filed an amicus brief supporting the emergency physicians, which the Litigation Center joined. The Litigation Center also contributed to CMA's subsidy of the Northridge physicians' litigation expenses.

California Supreme Court brief