



# Spetman v. Harris Health Plan, Inc., No. 352-173216-98 (Tex. Ct. App.)

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

**Outcome: Very Favorable**

## **Issue**

This case concerned Harris Health Plan's contractual provisions containing withhold and penalty clauses applicable to physicians' patient treatment.

## **AMA Interest**

The AMA opposes lay interference in the practice of medicine and financial incentives that duly intrude on physicians' objectivity in treating their patients.

## **Case Summary**

Physicians who had contracted with Harris Health Plan brought a class action against Harris, challenging certain provisions intended to establish financial incentives to physicians with respect to the medical care decisions they made in treating patients. The trial court preliminarily enjoined Harris from enforcing the withhold and penalty provisions of its contracts with the plaintiff physicians, because those provisions violated the Texas Insurance Code.

The case was settled. As part of the settlement, financial incentives were restricted and withhold clauses have been removed from physician contracts. In addition, approximately \$4 million was refunded to the physicians.

## **Litigation Center Involvement**

The Litigation Center joined the *amicus curiae* brief of the Texas Medical Association in support of the physicians seeking affirmance of the trial court's injunction.