

Calif. Medical Group Accuses Aetna Of Blacklisting Its Docs

By Jeff Overley

Law360, New York (August 30, 2012, 5:52 PM EDT) -- The California Medical Association and Aetna Inc. this week targeted one another in public correspondence with explosive charges of corrupt billing practices and wide-ranging harassment, a sign of escalating hostilities as the two sides wage a courtroom battle over referrals to out-of-network providers.

On the one hand, the CMA accused Aetna of refusing to contract with any physician looking to join the insurer's network if the doctor belongs to the CMA or any of the local medical associations taking part in a lawsuit filed against the company last month.

"Such a vindictive response to a lawsuit is unprecedented in the industry and wholly unacceptable," Dustin Corcoran, the CMA's chief executive, wrote in a letter Monday.

Aetna fired back one day letter, accusing Corcoran of trying to manipulate public opinion and defending its dealings with health care practitioners.

"Aetna is, of course, limited in its ability or willingness to negotiate with those physicians with whom it is in active litigation," wrote John Edward Neugebauer, deputy chief legal officer at the insurance company.

Doctors' groups across the Golden State last month sued divisions of Aetna for allegedly threatening physicians who referred patients to out-of-network providers and failing to honor policies that provided such coverage.

The CMA, which represents 35,000 doctors, was joined in the lawsuit by several regional medical groups, as well as 60 physicians, four surgery centers and a man who says he was wrongly denied reimbursement for surgery.

According to the plaintiffs, Aetna flouted Golden State law by telling physicians they wouldn't be paid if they directed patients to out-of-network providers. "Aetna retaliates against its contracted physicians by threatening to terminate their contracts," the lawsuit said.

The lawsuit centers largely on preferred provider organizations, or PPOs, and also includes allegations that patients who purchased such policies were nevertheless confined to in-network providers.

An unidentified individual plaintiff says Aetna disregarded the conditions of his plan by refusing to cover out-of-network care and ultimately paid only \$9,000 of his \$70,000 bill.

Aetna, however, has called the litigation payback for lawsuits the company has launched against several doctors and surgery centers it suspects of overbilling.

One of those centers — Bay Area Surgical Management — has also been sued by United Healthcare Services Inc., which accuses the company of a \$39 million rip-off in which physicians who referred patients were paid massive kickbacks funded by egregious overbilling practices.

Attorneys for the CMA also jumped into the fray this week, issuing their own letter accusing Aetna of cutting ties with physicians who belong to the involved medical associations and “endangering people’s lives” in the process.

“The illegal and retaliatory terminations must stop,” the attorneys’ letter says.

Aetna chided its legal adversaries for the public airing of grievances as litigation plays out, saying “it does not serve anyone ... for the CMA to send inflammatory, inaccurate and improper correspondence to Aetna simply so that they can provide copies of it to the press.”

Nonetheless, the company used its letter to get in a bit of public relations on its own behalf, saying it intends to prove that physicians referred patients to centers where they have undisclosed financial stakes, and that the misconduct will “shock the conscience of the community.”

The plaintiffs are represented by Rocky Delgadillo, Angela C. Agrusa and Sterling L. Cluff of Liner Grode Stein Yankelevitz Sunshine Regenstreif & Taylor LLP and Daron L. Tooch and Katherine M. Markowski of Hooper Lundy & Bookman PC.

Counsel information for Aetna was not available.

The case is Los Angeles County Medical Association et al. v. Aetna Health of California et al., case number BC-487670, in the Superior Court of the County of Los Angeles, State of California.

--Editing by Kat Laskowski.