Washington State Medical Association v. Regence BlueShield (King Cty., Wash., Super.Ct.)

Topics Covered: Tiered and Narrowed Managed Care Networks

Issue

The issue in this case was whether a managed care organization's creation of a planned sub-network of physician-providers was based on flawed methods of evaluating physicians' quality of services.

AMA Interest

The AMA supports fairness in any review of physicians' professional qualifications. It also supports the relationship of trust between physicians and their patients.

Case Summary

Regence BlueShield, one of Washington State's largest managed care organizations, instituted a provider sub-network called "Select Network." Supposedly based on its analyses of quality and efficiency, Regence planned to exclude some of its own network physicians from this sub-network. In fact, however, the Regence Select Network Plan was based on flawed measurement criteria. The plan infringed basic notions of fairness, and it was so communicated to patients as to intrude on their relationship of trust with their physicians.

Faced with overwhelming public opposition, Regence, with apologies to the affected physicians and patients, withdrew the plan shortly after its introduction. However, Regence announced that it would reinstate the plan later.

The Washington State Medical Association, the Litigation Center (acting through the AMA), and six individual physicians sued Regence. The suit charged violations of the Washington Unfair and Deceptive Business Practices statute, the common law torts of defamation and intentional interference with contract, and breach of contract.

The lawsuit has been settled and dismissed. Under the settlement, Regence must allow WSMA to suggest more objective criteria for physician performance measurements in any new Select Network Plan. Also, any new plan must allow physicians to appeal their scores.

Litigation Center Involvement

The Litigation Center, through the AMA, joined the lawsuit as an additional plaintiff.