



Aetna v. Davila/Cigna v. Calad, 542 U.S. 200 (2004)

Topics Covered: ERISA Preemption, Managed Care Tort Liability

Outcome: Very Unfavorable

Issue

The issue in these consolidated cases was whether federal ERISA law preempted the Texas Health Care Liability Act (THCLA), which allowed HMO beneficiaries to sue the HMOs for damages on non-contractual grounds because of an improper denial of benefits.

AMA Interest

The AMA believes that HMOs should be liable for the injuries they cause patients on account of improper denials of medically necessary care.

Case Summary

Davila

Juan Davila, an arthritic and diabetic post-polio patient, received Aetna HMO coverage through his employer's health plan. His primary care physician had prescribed Vioxx for arthritic pain. Before it would pay for the prescription, however, Aetna required Davila to enter its "step program," under which Davila first had to try two less expensive medications. Only if he suffered a detrimental reaction to the medications or failed to improve would Aetna consider paying for Vioxx.

After three weeks on the cheaper medication, Davila was rushed to the emergency room, suffering from bleeding ulcers, which had nearly caused a heart attack. The doctors kept him in critical care for five days. Davila contended that, by requiring its step protocol, Aetna had failed to use ordinary care in making a "medical necessity" decision.

Calad

Through her husband's employer, Ruby Calad had received medical care from CIGNA Healthcare of Texas, Inc., also an HMO. A CIGNA physician had performed a hysterectomy, with rectal, bladder, and vaginal repair. A CIGNA nurse decided that Calad should be discharged after one day in the hospital and that the longer stay Calad's doctor had recommended was medically unnecessary under CIGNA's standard procedures. Calad suffered complications from the early discharge and had to return to the emergency room a few days later. She contended that CIGNA had failed to use ordinary care in determining that she should be discharged from the hospital.

Davila and Calad each sued in Texas state court, claiming violations of THCLA. The HMOs removed their respective cases to federal court based on ERISA preemption. Ultimately, their cases were appealed to the United States Supreme Court, where the issue was whether, by passing ERISA, Congress had intended to preclude state laws, such as THCLA, which provide remedies beyond those specified in ERISA. The HMOs argued that the remedies enumerated in ERISA § 502 are intended to preclude all other possible remedies for an HMO's violation of its obligation to provide and pay for medically necessary treatment. Thus, by implication ERISA "completely preempted" the THCLA remedies.

The Supreme Court, by a unanimous decision, held in favor of the HMOs. It found that ERISA was intended to preclude state legislation that might provide additional monetary compensation to injured patients. Two of the justices wrote a concurring opinion, in which they joined the "the rising chorus urging that Congress and [the Supreme] Court revisit what is an unjust and increasingly tangled ERISA regime."

Litigation Center Involvement

The Litigation Center filed an amicus curiae brief to support patients' rights to secure their promised health insurance benefits under state law. The brief argued that the explicit language of ERISA § 514 (b) contradicted the HMOs' position regarding preemption and that issues involving health care should be left to the separate states.

United States Supreme Court brief