



# Biddulph/Mountain View Hospital v. HCA/Eastern Idaho Regional Medical Center (Bonneville City, Idaho, Dist. Ct.)

Topics Covered: Medical Staff, Hospitals

## **Outcome: Favorable**

### **Issue**

The issue in this case was whether a hospital could unilaterally amend its medical staff bylaws, in order to institute an economic credentialing policy for medical staff privileges.

### **AMA Interest**

The AMA opposes the "economic credentialing" of physicians, as well as the unilateral amendment of medical staff bylaws.

### **Case Summary**

Mountain View Hospital ("MVH"), a small, acute care hospital in Idaho Falls, Idaho wholly owned by physician investors, offered a narrow range of medical services. Eastern Idaho Regional Medical Center ("EIRMC"), a for-profit hospital owned by HCA, Inc., a publicly traded company, was the dominant hospital in the greater Idaho Falls area.

Shortly before MVH became operational, EIRMC published a Medical Staff Development Plan ("MSDP"), which the medical staff then specifically rejected. A provision of the MSDP stated that physicians who apply or reapply for EIRMC medical staff privileges must disclose any financial interests in competing health care facilities. Under the MSDP, if the EIRMC board determined that a physician had a significant economic conflict, it could impose conditions on the physician's staff privileges, such as requirements that the physician not consider economic incentives when making patient referrals. Most importantly, "If the Board determines by objective criteria that a practitioner is diverting patients to other facilities for reasons related to that practitioner's financial or other gain, it may, in its discretion, remove that practitioner's appointment and clinical privileges."

Based on the MSDP, the EIRMC board, unilaterally and without notice, determined that five members of the EIRMC medical staff ("the decredentialed physicians") were substantial investors in MVH, that MVH was a competitor of EIRMC, and that those physicians were using economic factors to apportion their patients between MVH and EIRMC, to the detriment of EIRMC. EIRMC then notified the decredentialed physicians that they would lose their medical staff privileges, although they would be allowed to continue treatment of patients admitted prior to the decredentialed. EIRMC also published an "Open Letter to the Community from the EIRMC Board of Trustees," which stated that the decredentialed physicians "chose to compete

in a way that broke our privileging rules." Subsequently, EIRMC rescinded the terminations, but it stated that it would reconsider possible termination when it had obtained additional information about the decredentialed physicians and their referrals. The MSDP, however, remained in effect and referrals by all EIRMC staff physicians to MVH declined substantially.

MVH and four of the five decredentialed (but later reinstated) physicians sued EIRMC and its parent corporation, HCA, seeking an injunction and a declaratory judgment against enforcement of the MSDP, as well as monetary damages.

Ultimately, the case settled. While the full settlement terms were confidential, the parties issued a joint press release indicating that the settlement had been without payment of financial consideration.

### **Litigation Center Involvement**

The Litigation Center made a modest financial contribution to the plaintiff-physicians' litigation expenses.