



DeVore v. Heritage Provider Network (Cal. Ct.App.)

Topics Covered: Due Process, Termination of Physician Participation in Provider Networks

Outcome: Neutral

Issue

The issue in this case was whether a physician could be terminated from a provider network without due process.

AMA Interest

The AMA believes a physician should be afforded due process if the professional conduct of the physician is reviewed and as a result of the review the reputation, professional status, or livelihood of the physician may be negatively impacted.

Case Summary

A one-physician medical practice in California was a member of several provider networks, all of which were financially related. The network participation contracts provided that they could be terminated without cause.

The provider networks terminated the membership contracts during the months of May and June 2012, without giving any reasons or an opportunity to respond. After the medical practice sued the provider networks for wrongful termination, they offered to provide the practice with an “administrative fair procedure,” an offer which the medical practice declined. The provider networks moved to dismiss the lawsuit on the grounds that the medical practice had failed to exhaust the networks’ proffered administrative procedure. The trial court granted the motion to dismiss, and the medical practice appealed.

The California Court of Appeal rejected the provider networks’ argument, reversed the dismissal, and held that the wrongful termination lawsuit should have been allowed to proceed on the merits. However, the Court of Appeal also held that its decision would be unpublished. The medical practice sought a reconsideration of the decision not to publish the Court of Appeal decision, but that motion was denied.

AMA Involvement

The AMA submitted a letter to the Court of Appeal, indicating that the decision allowing the wrongful termination suit to proceed on the merits was of significant importance to physicians and represented a potentially important precedent. The AMA letter urged that the motion of the medical practice to have the appeal published should be granted.

AMA letter to California Court of Appeal