



Douglas v. Independent Living Center of Southern California and California Medical Association

132 S.Ct. 1204 (U.S. 2012)

Topics Covered: Medicaid

Outcome: Unfavorable

Issue

The issue in this case was whether private parties can sue to prevent arbitrary cuts in Medicaid funding through invocation of the Supremacy Clause of the United States Constitution.

AMA Interest

The AMA believes that Medicaid funding should be sufficient to enable the program to serve its purpose as a social safety net.

Case Summary

The Supremacy Clause, found in Article VI of the Constitution states: “This Constitution, and the Laws of the United States which shall be made Pursuance thereof ... shall be the supreme Law of the Land ... any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.”

Medicaid is a cooperative federal-state program that directs federal funding to states to assist them in providing medical assistance to needy individuals. Federal laws impose various participation requirements on those states that choose to participate in the Medicaid program. One of the Medicaid Act requirements, sometimes known as the “Equal Access Requirement”, 42 U.S.C. § 1396(a)(30)(A), specifies that a state plan must

“assure that payments are ... sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area.”

The California Assembly enacted an across-the-board 10% reduction in payments to medical providers participating in the California Medicaid program. The plaintiffs, including the California Medical Association (CMA) sued to have the rate reduction declared invalid under the Supremacy Clause of the United States Constitution, as the reduction conflicted with the Equal Access Requirement.

The trial court denied the plaintiffs' motion for a preliminary injunction, because the Medicaid Act does not establish a private right of action to enforce the Equal Access Requirement. However, the Ninth Circuit reversed. It held that, even though private persons have no right to sue for enforcement of the Equal Access Requirement, they may have a right of action under the Supremacy Clause. The State of California appealed to the United States Supreme Court.

On February 22, 2012, the Supreme Court, by a split decision, reversed the Ninth Circuit decision and remanded for further determination. The Court observed that, since the Ninth Circuit had rendered its decision, the United States Department of Health & Human Services had found that the California Medicaid cuts were in compliance with the Medicaid Act Equal Access Requirement. It was thus appropriate for the lower courts to determine how this change should affect the case.

AMA Involvement

The AMA, along with several specialty medical societies and the American Dental Association, filed an *amicus* brief to support the plaintiffs. The Litigation Center also helped to offset the CMA legal expenses.

United States Supreme Court brief