



# HCA Health Services of Georgia v. Employers Health Insurance, 240 F.3d 982 (11th Cir. 2001)

Topics Covered: Payment Issues (for Physicians), Managed Care Payments

**Outcome: Very Favorable**

## **Issue**

The issue here was whether a payor had obtained an unwarranted discount on hospital fees.

## **AMA Interest**

The AMA supports the full and appropriate provision of healthcare services, and in connection with that, the AMA supports third party payors' approval of payment for those services.

## **Case Summary**

HCA, a hospital, had promised a third party that it would charge a discounted (by 25%) fee upon rendering specified medical services. The third party then assigned the discount right to a fourth party, which (unbeknownst to the patient and HCA) reassigned the discount right to the 25% discounted fee to, yet another party, Employers Health Insurance (EHI).

The trial court found that EHI had secured an unwarranted discount on the fees charged by HCA, pursuant to a "silent PPO" scheme. EHI unsuccessfully argued that it was entitled to reduce initially by 25% HCA's bill for its treatment of a patient and then pay HCA 80% (the rate for out-of-network providers) of the bill that already been discounted by 25%. (The patient had assigned to HCA his right to recover 80% of his out-of-network surgery costs). EHI appealed.

The Court of Appeals affirmed, finding that EHI's claimed discounts were unauthorized and therefore invalid.

## **Litigation Center Involvement**

The Litigation Center filed an amicus brief to support HCA and the lower court's ruling.