



New York State Psychiatric Association v. UnitedHealth Group, 798 F.3d 125 (2nd Cir. 2015)

Topics Covered: Health Plan Coverage, Medical Society Advocacy and Patient Rights

Outcome: Very Favorable

Issue

The substantive issue in this case was whether beneficiaries of employee benefit health plans received proper payment for mental health and substance abuse benefits from the third part administrator (“TPA”) of several employee benefit health plans. A further concern was whether the New York State Psychiatric Association (“NYSPA”) had legal standing as a medical association to represent the interests of its members and its members’ patients in this dispute.

AMA Interest

The AMA believes that physicians are to serve as their patients’ advocates. Also, the AMA supports parity of insurance coverages for mental illness and substance abuse.

Case Summary

The plaintiffs in this case were beneficiaries of employer-sponsored health insurance plans, two providers of mental health services (one of whom was a psychiatrist), and NYSPA. The defendants were United HealthGroup (“UHG”) and three UHG subsidiaries, all of whom were TPAs of the beneficiaries’ plans. The plaintiffs sought to bring the case as a class action.

The complaint alleged that the defendants had failed to pay proper mental health and substance abuse benefits under the beneficiaries’ plan documents and under various laws, such as the Mental Health Parity and Addiction Equity Act (MHPAEA), the New York Parity Act, and the New York prompt pay statute. The suit sought monetary damages and an injunction.

The trial court dismissed the case without reaching the merits. It held that the case was procedurally insufficient, primarily because (according to the court)

- The beneficiaries’ rights were governed by ERISA, but UHG and its subsidiaries, being TPAs, could not properly be sued under ERISA; and
- NYSPA lacked standing to sue, partly because the case would require participation of individual NYSPA members (not merely an association representing those members) and partly because the members of NYSPA themselves lacked standing to enforce their patients’ rights to receive benefits.

The plaintiffs appealed to the United States Court of Appeals for the Second Circuit.

On August 20, 2015, the Second Circuit reversed the majority of the trial court's order of dismissal. As for the right to sue a TPA under ERISA, it held: "where the claims administrator has 'sole and absolute discretion' to deny benefits and makes 'final and binding' decisions as to appeals of those denials, the claims administrator ... is an appropriate defendant in [an ERISA] action for benefits." As to NYSPA, it held that NYSPA had associational standing, because it alleged that UHG was systemically violating ERISA and the MHPAEA. Accepting its allegations as true, the claims of NYSPA did not require individualized proof or participation of more than a limited number of NYSPA members in this case.

The Second Circuit affirmed the dismissal of the psychiatrist, as it said her claims were pleaded without the required degree of specificity. The case was remanded to the trial court for further adjudication.

Litigation Center Involvement

The Litigation Center filed an *amicus* brief to support the associational standing of NYSPA.

United States Court of Appeals for the Second Circuit brief