

Docs hope others follow Aetna in settling pay suits

InsuranceTimes™ Copyright © by M&S Communications, Inc. June 10, 2003, Vol. XXIII, No. 12

NEW YORK (AP) — Aetna Inc.'s decision to pay \$170 million to settle a lawsuit by doctors over the health insurer's payment practices does much to improve historically bitter relations between the two sides, doctors and officials with the firm said.

Aetna last month became the first of nine health insurers named in the class-action lawsuit to reach such an agreement. The lawsuit alleged the firm's business practices cut payments to physicians and reduced patient care.

"Aetna has to be given a lot of credit for setting up a truce in what has been a decade long war between for-profit insurers and physicians," said Dr. Jack Lewin, president of the California Medical Association. "I wouldn't call this a home run but it is a solid double."

Aetna CEO Dr. Jack Rowe said the settlement removed "a chilling overhang" in his firm's relationship with physicians.

"In our minds the cost to implement this is modest," said Rowe.

Doctors said the settlement, which also creates new payment procedures and a foundation to improve health care, will pressure the other defendants to reach similar accords.

"Either they follow Aetna's lead or we look forward to trying the case," said plaintiffs' attorney Harley Tropin.

In a statement, lawyers for the eight remaining insurers said they intend to "defend the case vigorously" and expect the class certification to be overturned on appeal.

The Aetna settlement has to be approved by the U.S. District Court in Miami, where the class-action case is pending. The suit alleges that insurers used their coercive economic power to force doctors into unfavorable contracts and used pay schemes — including tests and referrals to specialists— to reduce the amount of care.

Establishes Foundation

The settlement calls for Aetna to pay \$100 million to doctors, an average of about \$142 each, as well as \$20 million to establish a foundation aimed at reducing medical errors, childhood obesity and racial disparities in treatment. Aetna also would pay up to \$50 million in plaintiffs' legal fees.

Physicians also would gain an estimated \$300 million over several years from the changes Aetna has agreed to make in systems to speed up payments to doctors and eliminate cuts to reimbursements that may have been made under the previous systems.

The other defendants are Cigna Corp., UnitedHealth Group Inc., Wellpoint Health Networks Inc., Anthem Inc., Humana Inc., PacifiCare Health Systems Inc., Coventry Health Care and Prudential.

Meanwhile, the Connecticut State Medical Society filed a similar lawsuit in Miami against the Blue Cross Blue Shield Association and its 41 members. □