

Legal Q/A

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Q: *Under what circumstances can a health plan terminate me from its panel of network providers?*

A: There are two sources of rights and obligations with respect to provider terminations – the participating provider agreement (PPA) and the Public Health Law.

A typical PPA includes provisions that allow the health plan to terminate a physician from the network either for cause or without cause. The “for cause” terminations cover circumstances under which the provider can no longer legally furnish medical services on behalf of the health plan (e.g., license revocation) and those under which the health plan may consider the physician too much of a risk to allow continued participation on the network (e.g., inability to maintain malpractice coverage; failure to comply with policies and procedures of the health plan). Some PPAs – including the current version used by Excellus — merely state that the health plan can terminate the agreement “for cause” without specifying what that really means.

If the plan terminates the physician for cause, it must give the physician a written explanation of the reasons for the proposed contract termination

and a notice that the physician has the right to a hearing before a panel of three hearing officers (selected by the health plan), at least one of which must be the same or similar specialty as the physician under review.

The health plan is not required to give reasons for termination and an opportunity for a hearing in cases involving imminent harm to patient care, a determination of fraud, or a final disciplinary action by a state licensing board or other governmental agency that impairs the physician’s ability to practice.

If the PPA has been in effect at least a year and doesn’t specify an expiration date, it may be “non-renewed” by either party on 60 days notice to the other party. This kind of non-renewal does not trigger any hearing rights in favor of the physician.

Although a health plan can non-renew the PPA “without cause” at the end of a given year, that does not mean the health plan can exercise those rights for an improper purpose. The Managed Care Reform Act of 1996 is intended to protect physicians against retaliatory actions by health care plans. Under the Act, a health plan may not terminate or non-renew a PPA because the provider has:

- advocated on behalf of an enrollee;
- filed a complaint against the health care plan;
- appealed a decision of the health care plan;
- provided information or filed a report with a governmental agency regarding the policies or practices of such health care plan which the provider believes may negatively impact upon the quality of, or access to, patient care; or
- requested a hearing or review in connection with a termination of the PPA.

In those cases where a health care plan has terminated or non-renewed the physician based on an improper motive, the physician may seek legal recourse against the health care plan in court by way of injunctive relief or an action for monetary damages.

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