

**FOR IMMEDIATE RELEASE**

## **Case Dismissed: Crowell & Moring Achieves Dismissal of Hospital Class Action Against Health Net**

**Washington, D.C. - May 30, 2008:** Today, the U.S. District Court for the District of Delaware dismissed a \$200 million managed care class action against Crowell & Moring LLP client Health Net Federal Services. The lawsuit was brought by a putative class of hospitals that provide outpatient services to CHAMPUS/TRICARE beneficiaries. The complaint related to the amount of reimbursement non-contracted hospitals are due when providing outpatient services to CHAMPUS/TRICARE members. Health Net is one of three contractors nationwide that administer CHAMPUS/TRICARE benefits.

The Court adopted Crowell & Moring's argument that the plaintiff hospitals must exhaust their administrative remedies prior to seeking redress in the courts, even though the administrative appeal process is not mandatory. The Court exercised its discretion to require the plaintiff hospitals to exhaust administrative remedies based on its finding that the issues raised in the payment dispute require the U.S. Department of Defense's special regulatory expertise prior to resolution in the courts.

"The Court agreed that it had the discretion to require exhaustion in order to streamline issues and create a more complete record before the onset of litigation. The ruling encourages providers and payors to resolve disputes in a more streamlined process before bringing on costly litigation," said Chris Flynn, lead counsel for Health Net Federal Services and a partner in Crowell & Moring's Health Care and Commercial Litigation Groups.

The Court's decision may be viewed here: [http://www.crowell.com/pdf/Order-Granting-HealthNets-Motion-to-Dismiss\\_5-30-08.pdf](http://www.crowell.com/pdf/Order-Granting-HealthNets-Motion-to-Dismiss_5-30-08.pdf).

The dismissal order was signed by Chief Judge Gregory M. Sleet. The case is *Northern Michigan Hospitals et al. v. Health Net Federal Services*.

The Crowell & Moring team was led by Flynn and included Arthur N. Lerner, Barbara H. Ryland, Thomas P. Humphrey, Tracy Roman, and Rogelyn D. McLean.

Crowell & Moring LLP is an international law firm with more than 400 lawyers practicing in litigation, antitrust, government contracts, corporate, health care, intellectual property and more than 40 other practice areas. More than two-thirds of the firm's lawyers regularly litigate disputes on behalf of domestic and international corporations, start-up businesses, and individuals. Crowell & Moring's extensive client work ranges from advising on one of the world's largest telecommunications mergers to representing governments and corporations on international arbitration matters. Based in Washington, D.C., the firm also has offices in California, New York, London, and Brussels.

**Contact: Christopher Flynn**  
Partner  
+1 202.624.2864  
[cflynn@crowell.com](mailto:cflynn@crowell.com)

**Thomas P. Humphrey**  
Senior Counsel  
+1 202.624.2633  
[thumphrey@crowell.com](mailto:thumphrey@crowell.com)

**Barbara H. Ryland**

Senior Counsel

+1 202.624.2970

[bryland@crowell.com](mailto:bryland@crowell.com)