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OPINION

Three hospitals closed in one spring. Pennsylvania physicians say that's no accident | Opinion

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Crozer-Chester Medical Center in Upland, Pa., is one of several hospitals in the state that have recently closed. (Jose F. Moreno, TNS) TNS

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By Guest Editorial

By Dr. Arvind R. Cavale

In the span of three months last spring, three Pennsylvania hospitals closed: Taylor Hospital in Ridley Park in April, Crozer-Chester Medical Center in Upland in May, and Heritage Valley Kennedy Hospital in Kennedy Township, Allegheny County in June.

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Heritage Valley Health System cited declining reimbursement for care from commercial insurers for reason for their closure. For the patients they served, those closures meant longer drives, fewer options, and in some cases, no nearby alternative at all.

These closures are part of a pattern that physicians across Pennsylvania have watched play for years: reimbursement for out-of-network care is declining steadily, the process for determining those payments is growing more opaque, and the gap between what care costs and what gets paid is widening with no clear explanation. Most assume it is the market. But physicians across Pennsylvania are asking a different question: Is this really a competitive market at all?

The Pennsylvania Medical Society believes that question deserves an answer.



It would be great to have companies here follow some progressive practices for the mental health of the workers. (Getty Images) Getty Images

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Behind the declining reimbursement numbers is a company most physicians have never heard of, operating under names they may not recognize.

Claritev, formerly known as MultiPlan, and also operating as Data iSight, Viant, and others, sits at the center of an alleged scheme that has quietly shaped out-of-network payments across the country for years.

According to a federal antitrust lawsuit, major insurers including Aetna, Cigna, Elevance Health, and UnitedHealth Group allegedly stopped competing with one another on out-of-network reimbursement and instead delegated that function to Claritev's algorithm, which then drove payments downward on behalf of all of them.

By Claritev's own account, the company processed more than 370,000 out-of-network claims each day by 2020, more than 80 percent of all commercial out-of-network reimbursements nationwide.

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Hospitals are at odds with health insurance companies over how much they are reimbursed for services. (Getty Images) Getty Images

According to the complaint, insurers collected fees based on the size of the gap between what providers billed and what they were paid, meaning the less providers received, the more Claritev and the insurers allegedly collected. The defendants deny these allegations.

The Pennsylvania Medical Society has joined "In re MultiPlan Health Insurance Provider Litigation," a federal antitrust case brought by more than 600 healthcare providers, including the American Medical Association and dozens of state medical societies, because we believe our members deserve that answer, and accountability where it is warranted.

The case has gained significant momentum. In March 2025, the Department of Justice filed a statement of interest arguing that sharing competitively sensitive pricing information through a third-party intermediary can violate federal antitrust law, even without direct communication between competitors.

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In June of that year, U.S. District Judge Matthew F. Kennelly of the Northern District of Illinois allowed the case to proceed into discovery, finding that the plaintiffs' allegations, if proven, would establish antitrust violations, with approximately $19 billion in alleged underpayments in 2020 alone at stake.

And on June 24 of this year, he rejected an attempt by the defendants to use providers' billing practices as a shield against liability, ruling that billing disputes do not excuse an alleged conspiracy to suppress reimbursement rates. The plaintiffs still must prove their case, but each ruling ensures these allegations will receive a full hearing in federal court.





Medical care is affected when physicians, hospials and health insurance companies battle over costs. Monday August, 12, 2013 (Patti Sapone/The Star-Ledger) SL SL

Individual practices that believe they have been affected may also be able to file their own case and recover damages without waiting for any class action ruling. The Pennsylvania Medical Society is seeking greater transparency and accountability in how out-of-network reimbursement is determined, so that physicians can understand how their payments are calculated and are accurately paid for the care they provide.

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What is at stake goes beyond any courtroom outcome. When reimbursement consistently falls short of the cost of care, practices that cannot make payroll close, behavioral health providers that cannot cover costs shut their doors, and hospitals that cannot absorb the losses shutter.

Pennsylvania has seen three hospitals close in a single spring. The patients left behind are not statistics. They are people for whom the nearest emergency room no longer exists. This litigation is our answer to the problem, and we hope it becomes the beginning of a reimbursement system that finally works for the patients and providers it is supposed to serve.

Dr. Arvind R. Cavale is president of the Pennsylvania Medical Society, which represents physicians across Pennsylvania.

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