The United States Court of Appeals for the Second Circuit in New York State Psychiatric Ass’n et al v. United Healthgroup et al. has reversed a decision of a federal district court, and has ruled that the New York State Psychiatric Ass’n (NYSPA) has association standing to sue on behalf of its members involving allegations that United Healthcare has violated the federal Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA). The MHPAEA, in general, requires group health plans and health insurance issuers to ensure that financial requirements (such as copays and deductibles) and treatment limitations (such as visit limits) applicable to mental health or substance use disorder benefits are no more restrictive than the predominant requirements or limitations applied to substantially all medical/surgical benefits. The federal district court granted the motion of United Healthcare to dismiss NYSPA’s lawsuit, ruling that NYSPA did not have standing to sue on behalf of its members. On appeal, the Second Circuit disagreed with United Healthcare’s contention that NYSPA did not have standing to sue and reinstated NYSPA’s lawsuit.

In general, federal courts have held that a membership association has standing to sue on behalf of its members when three conditions are met: (a) its members would otherwise have standing to sue in their own right; (b) the interests it seeks to protect are germane to the organization’s purpose; and (c) neither the claim asserted nor the relief requested requires the participation of individual members in the lawsuit. The Second Circuit stated that the only issue in dispute was whether NYSPA has plausibly alleged that its claims do not require individualized proof, as there is no serious dispute that NYSPA meets the first two requirements to satisfy standing. The Second Circuit held that at this stage in the litigation, it remains plausible that NYSPA may be able to prove its allegations with only a participation of a limited number of NYSPA members, because NYSPA challenges systemic policies and practices of United that may not require individualized proof. The Court cautioned, however, that if at later stages in the litigation it is shown that NYSPA’s claims will require significant individualized participation or proof, the district court may dismiss NYSPA for lack of standing at that point.

The Second Circuit ruling in favor of NYSPA is a significant victory for NYSPA because it means NYSPA’s lawsuit can continue. It is also a significant victory for all medical societies because the decision provides a positive legal precedent on the issue of association standing to sue. The American Medical Association (AMA) and the Medical Society of the State of New York submitted an amicus curiae brief in support of NYSPA that was filed by KACS in the Second Circuit.