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Teladoc has new ally in medical suit

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Teladoc, the based company that sued Texas over its telemedicine regulations, has a new ally in the Federal Trade Commission.

In a letter sent to the U.S. 5th Circuit Court late Friday, the federal antitrust agency sided with Teladoc in the company's legal battle, criticizing the Texas Medical Board for allegedly misinterpreting case law.

The telehealth company sued last year to block board rules that in most cases require face-to-face contact between a patient and a physician before a physician can issue a prescription.

That threatened Teladoc's business model, which virtually connects Texas patients to remote, Texas-licensed doctors, some of whom are based out-of-state. The company says its physicians consult patients over the phone for routine medical issues, and patients can upload photos or other information describing their symptoms and medical history.

Teladoc filed an antitrust lawsuit against the regulatory Texas Medical Board in federal court last year, alleging that the 19-member board made up mostly of doctors had behaved like a cartel by passing rules intended to limit competition.

The state has asked the appeals court to throw out Teladoc's lawsuit, and federal regulators on Friday urged the court not to.

The Texas Medical Board failed to show that "any disinterested state official ever substantively reviewed" the telemedicine rules "to determine whether the rules promote a clearly articulated state policy to displace competition rather than the private interests of active market participants," federal regulators wrote.

The Federal Trade Commission is no stranger to antitrust lawsuits targeting state medical boards. Last year, the agency won a victory at the U.S. Supreme Court against the North Carolina dental board.

Teladoc was also supported by briefs from the libertarian Cato Institute, 55 antitrust law professors, and the industry group Texas Association of Business, according to Politico.