California Courts Uphold Hospital Decision-Making in Peer Review and Credentialing Cases

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PROFESSIONAL

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Recent California appellate decisions provide helpful guidance for hospitals defending peer review and credentialing decisions. While these cases are unpublished and cannot be relied on as precedent, they both reinforce that hospitals are entitled to rely on structured medical staff processes, expert review, and established credentialing standards when making decisions that affect physician privileges. Although the cases involved different facts—one focused on peer review and revocation of privileges, and the other on negligent credentialing allegations—both decisions underscore the importance of a documented, fair, and standards-based process, particularly when patient safety concerns are at issue.

O'Hanlan v. Dignity Health Sequoia Hospital
(July 6, 2026, A171138) ___ Cal.App.5th ___ [2026 WL 1948383] (unpublished)

Peer Review Process

Dr. O'Hanlan was a highly trained gynecologic oncologist with extensive experience in laparoscopic surgery. However, Sequoia Hospital became concerned about a pattern of complications, consent problems, and judgment issues in her practice. Multiple committees reviewed her cases over several years, obtained an independent expert review, and ultimately concluded that although Dr. O'Hanlan was an exceptionally skilled surgeon, she repeatedly demonstrated poor clinical judgment, lack of attention to important details, and an unwillingness to accept peer feedback or modify her practices. Concerns included removing a patient's ovaries without consent and discharging a patient with postoperative bleeding and allowing her to drive several hours home. Sequoia Hospital's Medical Executive Committee initially summarily suspended her medical staff privileges and, after a lengthy and comprehensive peer review of her care, ultimately terminated Dr. O'Hanlan's membership and privileges.

Following 12 fair hearing sessions from February to November 2018, a Judicial Review Committee upheld the suspension and termination of Dr. O'Hanlan's privileges. Then Dr. O'Hanlan filed a writ of administrative mandamus, arguing essentially that the underlying peer review process was unfair and biased and that she was being punished by the MEC because she challenged Sequoia's criticisms of her. The trial court ruled in favor of Sequoia, finding there was no bias or unfairness in the peer review process, that the hospital followed the law and its Bylaws, and that substantial evidence supported the hospital's findings. Dr. O'Hanlan then appealed the trial court's ruling to the California Court of

Appeal.

The Court of Appeal affirmed the trial court's decision denying Dr. O'Hanlan's petition. The court found that Sequoia provided a fair peer review process, her claims of bias and procedural unfairness were not supported, and that substantial evidence supported the hospital's findings. The court concluded that the decision to suspend and revoke her privileges was reasonably based on concerns for patient safety and was supported by the record, despite Dr. O'Hanlan's arguments that the proceedings were flawed and that the evidence against her was insufficient.

Karkera v. Redlands Community Hospital
(June 15, 2026, D087437) ___ Cal.App.5th ___ [2026 WL 1723766] (unpublished)

Negligent Credentialing Allegations

This case arose after the patient, a 34-year-old family medicine physician, underwent brain surgery at Redlands Community Hospital in 2021 to remove a tumor near her pituitary gland. Surgeons performed an endoscopic endonasal transsphenoidal resection surgery ("ETSP"). Following the surgery, she suffered severe complications that left her permanently disabled, including paralysis on one side of her body and blindness in one eye. Her conservators sued the hospital and several physicians involved in her care.

The claims against Redlands Community Hospital focused primarily on the hospital's credentialing and privileging process. The plaintiffs argued that the hospital was negligent because it allowed two neurosurgeons to perform ETSP surgery without adequately verifying that they had sufficient experience and competence with that specific procedure. They also argued that the hospital should have required additional oversight and should have ensured that an endocrinologist evaluated the patient before surgery.

The hospital moved for summary judgment, arguing that it followed a standard credentialing process that complied with applicable regulations and professional standards. It presented expert testimony that ETSP surgery is considered a core neurosurgical procedure that neurosurgeons learn during accredited residency training. Because the surgeons had successfully completed their training and were properly credentialed, the hospital contended there was no additional requirement to separately prove competence in that specific procedure.

The trial court granted summary judgment in favor of the hospital before trial. The court excluded portions of the plaintiffs' experts' opinions because it found they lacked an adequate factual foundation. Without those opinions, the court concluded the plaintiffs did not have enough evidence to create a factual dispute about whether the hospital breached its duties regarding credentialing or violated California hospital regulations. Plaintiffs appealed to the Court of Appeal.

The Court of Appeal affirmed the trial court's ruling and upheld judgment for the hospital. The appellate court agreed that the excluded expert opinions were insufficiently supported and that the plaintiffs failed to present admissible expert evidence showing that the hospital's credentialing process fell below the standard of care. The court noted that evidence showed ETSP surgery was treated as a core neurosurgical procedure and that the hospital's credentialing process was tied to nationally recognized residency training standards.

The court further concluded that the plaintiffs failed to establish that Redlands violated California regulations governing physician competency or that the hospital's privileging decisions caused the patient's injuries. As a result, the hospital was entitled to judgment without a trial. The Court of Appeal ruled that Redlands Community Hospital could not be held liable based on the evidence presented regarding its credentialing and privileging process. Although the patient suffered devastating injuries after surgery, the plaintiffs did not produce sufficient admissible expert evidence showing that the hospital improperly granted surgical privileges or violated applicable hospital standards. Therefore, the judgment in favor of the hospital was affirmed.

Key Takeaways

Together, these decisions reinforce that California courts will generally defer to hospital peer review and credentialing decisions when the hospital follows its bylaws, relies on appropriate expert review, and creates a clear record showing that the decision was grounded in patient safety and recognized professional standards.

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