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Gallagher Sharp Newsflash: Insurer Properly Handled Reduced Rate Med Pay Claim

Today, August 20, 2015, the Supreme Court of Ohio decided that under a medical-payments coverage provision, an automobile insurer is obligated to pay an insured's medical expenses at a rate that the automobile insurer itself negotiated to pay. The phrase "any negotiated reduced rate accepted by a medical provider" does not include the rate that is available to the insured's health-insurance provider.

In *Laboy v. Grange Indem. Ins. Co.*, 2015-Ohio-3308, Grange provided up to \$5,000 in medical care for each person injured in any one accident in an automobile policy issued to the Laboys. The Laboys received medical treatment as the result of an automobile accident and submitted some of their bills to Grange and some to their health-insurance provider, Medical Mutual. Grange did not deny any part of the claim for medical expenses.

The Laboys reached a settlement with a third-party tortfeasor for the accident and Grange exercised its contractual right to subrogation against the Laboys. The Laboys objected, arguing that Grange had overpaid the medical providers. For example, medical providers billed the Laboys \$1,535 for certain services rendered. Grange paid a discounted rate of \$1,441.36 for those services, but Medical Mutual paid only \$648.32 for those same services. The Laboys argued that Grange should only be reimbursed in an amount similar to the amount paid by Medical Mutual. The Supreme Court of Ohio disagreed.

The single issue decided was the meaning of the phrase "any negotiated reduced rate accepted by a medical provider" in Grange's medical-payments provision. The Court held: "Under the medical-payments coverage, Grange is obligated to pay the expenses of an insured for medical services related to a bodily injury sustained in an accident. The only reasonable interpretation of Section (B)(2) is that Grange is obliged to pay reduced rates only when such rates have been negotiated between the medical provider and Grange or when the provider is in the preferred-provider network that Grange has access to through its contract with Review-Works."

The Court was unanimous in its decision.

The full opinion is attached and can be found at:

<http://www.supremecourt.ohio.gov/ROD/docs/pdf/0/2015/2015-Ohio-3308.pdf>

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