

THOUGHT LEADERSHIP

News

AUTO POLICYHOLDER HAS STANDING TO DISPUTE PIP PAYMENTS MADE BASED ON DISCOUNTED MEDICAL COSTS

Newsbrief

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Last week, the Tyler Court of Appeals allowed a Personal Injury Protection (PIP) claimant to dispute the amount of PIP benefits paid to his medical providers, even though it was not factually clear whether he had genuinely been injured by negotiated discounts. *Beasley v. Farmers Texas County Mutual Ins. Co.*, No. 12-17-00150-CV, 2018 WL 1940562 (Tex. App.—Tyler Apr. 25, 2018, no pet. h.) was an auto case in which the insured sought medical treatment and submitted bills totaling \$2,662.54 to Farmers in support of his PIP claim. Meanwhile, the medical providers submitted the same bills to Beasley's health insurer and was paid \$1,068.90 after contractually negotiated discounts. Farmers paid only the actual amount allowed by the health insurer, \$1,068.90. The question raised in this suit was whether Farmers was required to pay the originally billed amount of \$2,662.54 (meaning, in essence, the PIP limit of \$2,500) or only the discounted amount of \$1,068.90.

Farmers filed a plea to the jurisdiction, arguing Beasley had no standing to dispute the amount of the payment because he was not liable for the difference between the billed amounts and the discounted amounts, and therefore had not been harmed. Farmers relied on the seminal case of *Forth v. Allstate Indem. Co.*, 151 S.W.3d 732, 733 (Tex. App.—Texarkana 2004), *rev'd*, 204 S.W.3d 795 (Tex. 2006), which previously held that a policyholder whose medical bills have been fully paid and who is not liable for any deficiency has no standing to dispute the auto insurer's negotiation of those bills with the medical provider(s).

The court observed that for a plea to the jurisdiction, its review must be limited to whether Beasley had alleged a cognizable injury and not attempt to judge the substantive merits of his claim. The court concluded Beasley's claim was distinguishable from *Forth* because unlike *Forth*, Beasley had pleaded direct monetary damages resulting from Farmers' alleged underpayment of the PIP claim. Thus the trial court's dismissal of the case for lack of standing was reversed, and the case remanded.

Editor's Note: It remains to be seen whether Beasley's claim for additional PIP benefits will have any traction – it appears unlikely, unless he can show he remains liable for an unpaid portion of the medical bills. However, Farmers was not able to dispose of the case early on jurisdictional grounds, as it would have liked.