

THOUGHT LEADERSHIP

News

## COURT OF APPEALS DECLINES TO EXTEND HOLDING IN *K & L AUTO CRUSHERS* TO HEALTHCARE INSURANCE COMPANIES

Newsbrief

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The San Antonio Court of Appeals recently declined to extend the holding in *K & L Auto Crushers* (i.e., that the negotiated rates providers charge to healthcare insurance companies for medical services provided to a plaintiff are relevant to whether the charges billed to the plaintiff are reasonable) to healthcare insurance companies that have not been presented claims for payment. In *In re United Healthcare Ins. Co.*, No. 04-21-00532-CV, 2022 WL 527659 (Tex. App. –San Antonio, Feb. 23, 2022, mem. op.), Garza sued Defendants for personal injuries she sustained in a motor vehicle accident. Although Garza had health insurance with United Healthcare, her healthcare services rendered in connection with the accident were performed under letters of protection.

Defendants served United Healthcare with a notice of deposition, seeking, in part, testimony regarding “the maximum allowed contractual reimbursement rate [certain named medical providers] would receive from United Healthcare for the specific services (as identified by CPT/procedure codes) provided by [the medical providers] to Garza”, and production of the contracts between United Healthcare and the medical providers who treated Garza. In response, United Healthcare filed a motion to quash, and submitted an affidavit of its employee, Amanda Edmondson, who affirmed that negotiated contractual reimbursement rates were “highly confidential, proprietary, and trade secret data.” In turn, Garza served Edmondson with a notice of deposition, which was followed by another motion to quash by United Healthcare. The trial court granted the motion to quash United Healthcare’s deposition but denied the motion to quash Edmondson’s deposition.

On appeal, the court concluded that the trial court abused its discretion in permitting the deposition of Edmondson. The court declined to extend the holding in *K & L Auto Crushers* to healthcare insurance companies that have not been presented claims for payment. The court emphasized that “the defendants in the underlying case have not sought information from Garza’s medical providers about the negotiated rates these providers charge to private insurers and public payors [as was the case in *K & L Auto Crushers*]; instead, the defendants ultimately seek information from Garza’s health insurance provider about claims that were never submitted and thus simply do not exist.” The court further reasoned that the information sought in *K & L Auto Crushers* was relevant because the services were provided to the plaintiff by the healthcare providers, but the information sought by Defendants was not relevant because Garza did not submit claims to United Healthcare.