

MORE ABOUT MEDICAL PAYMENTS COVERAGE (MED-PAY)

By now, nearly every regular reader of our newsletters has at least a basic understanding of Medical Payments Coverage (MPC). For a thorough explanation, please refer to earlier editions of our newsletters which can be seen on our website. Briefly, however, Medical Payments Coverage is a non-mandatory coverage which can be purchased on an automobile insurance policy. It is available regardless of who is deemed at fault. It pays for medical/chiropractic treatment obtained due to injuries sustain in a motor vehicle accident.

Because the coverage is “elective” (in other words there is no mandate that you purchase the coverage in order to lawfully operate a motor vehicle), the handling of the benefits varies considerably from company to company. Some auto insurance providers treat Medical Payments Coverage (“Med-Pay”) as a benefit which follows the purchaser into any situation, and covers all of his or her passengers equally, in any vehicle. However, this is not always the case, which illustrates the importance of strongly suggesting to all of your patients that they be represented by knowledgeable legal counsel who understands all the different types of Med-Pay coverage, and how to best utilize it to actually get medical/chiropractic bills paid.

WHOSE MED-PAY IS IT ANYWAY?

The original purchaser of the policy is called the insured, and is entitled to coverage while operating his or her own vehicle. If certain criteria are met, he or she may also be covered while riding in another vehicle, and coverage may apply to other individuals occupying the purchaser’s vehicle. The insured is known as the “first-party” to the contract thus this coverage is of the type known as first-party coverage.

In order to know who is covered, it is important to understand the terms and definitions found in the individual policy. Since Med-Pay coverage is non-mandatory, the various insurers have different groups to whom they will afford coverage. Example: one prominent insurance company defines “you” in its policy as consisting of yourself, your spouse and any resident relative. Based on this and their definition of a “non-owned car”, if you were to rent a vehicle and have an accident with your wife and live-in sister, all occupants would be insured for the purpose of medical payments coverage. If you also had a neighbor in the car as well, he/she would not be considered an insured under the medical payments coverage (but they would be if the vehicle you were operating was the actual car that appears on your declarations page). Other insurers define “you” as yourself, and anyone residing in your household, while still others define “you” as anyone lawfully occupying any vehicle driven by you. Because of this, my firm has often been able to get doctors paid by Med-Pay even when at first it seemed unlikely to the doctor that the Med-Pay coverage would apply.

AM I COVERED, NO MATTER WHAT

Again, the answer depends on an understanding of the policy under which the medical payments benefits are granted. Let’s assume that you are the one insured, your insurance includes Med-Pay Coverage, and your policy vehicle is a luxury SUV. At some point you are a guest at your brother’s barbeque and he invites you to try his new motorcycle. You turn too sharply and crash on the motorcycle, on which your brother carries only basic liability coverage. Will your MPC follow you from your luxury SUV onto the motorcycle? If your policy defines motor vehicle as “a motorized vehicle registered for use upon public roads and highways, consisting of four or more wheels” then you would have no MPC while operating the motorcycle. But let’s assume he invited

you to try out his new Corvette, also with basic liability insurance. In this example you would be eligible under your policy for medical payments coverage.

Another type of vehicle that nearly always “nullifies” your own Med-Pay coverage is a larger-sized moving van. For example, you rent a moving van to relocate your office. You want to move in one trip so you rent a larger sized moving van, and while driving it you are involved in an injury-accident. Will your MPC cover you? For that matter, will your liability or Uninsured Motorist (UM) coverage cover you? The answer is, it depends on the exact language of your policy. However, most California policies exclude vehicles with more than four wheels and having a Gross Vehicle Weight Rating (GVWR) of 10,000 lbs. For comparison, the Ford Excursion SUV has a GVWR of approximately 9,000 lbs.

WHAT KIND OF TREATMENT IS COVERED

Most MPC policies will cover nearly all medical/chiropractic expenses associated with a motor vehicle accident, up to the maximum amount of coverage selected by the purchaser of the coverage. The details of coverage are found in the policy language, with most policies disclaiming coverage for experimental or non-recognized treatment. The policy will typically state that the care provided must be recognized within the medical community as reasonable treatment for the given injury, and widely accepted as treatment in the United States. This does not mean that the treatment has to be rendered in the United States, but wherever performed, must be accepted within the United States medical community as appropriate treatment for the referenced injury.

LENGTH OF TREATMENT UNDER MED-PAY

While most insurers reserve the right to question the length of treatment provided for a given injury, the policy will specify the length of time during which a claim can be brought under Med-Pay coverage. Again, this varies from company to company. One Southern California insurance company will pay for treatment provided within one year of the date of the accident, so long as the bills are submitted within the first two years. Another company will consider bills for treatment rendered within two years of the accident date, so long as submitted within the same two years. One national company provides that, so long as treatment has begun within the 365 days following an accident, they will pay for treatment rendered within three years of the accident date, no matter when submitted.

BUT THE OTHER PARTY IS RESPONSIBLE FOR MY INJURIES!

Many insurers have inserted “reimbursement” provisions into the Med-Pay contracts, which state basically that when you collect from the at-fault driver, you will reimburse your Med-Pay insurer. California law provides that, absent a contractual provision to the contrary, unless the insured was “made whole” by his settlement with the at fault party the reimbursement to his/her Med-Pay carrier is improper. “Made whole” means, essentially, that the injured person has been compensated for all damages suffered and (in theory) has been returned to his/her condition prior to the accident. The law also provides that, even when reimbursement is required, a reduction of the amount to be reimbursed must be given for attorney’s fees and costs. Others offer to sell Med-Pay coverage that does not have such a reimbursement provision, usually for an additional fee. Recently, Med-Pay provisions in policies have turned up in California which state that the insurance company’s right to reimbursement is not dependent on the injured person being “made whole”, by his/her settlement amount with the at fault party. In these instances, the insurance company wants to be reimbursed “off the top”; it would be preferable to buy Med-Pay that is non-reimbursable but very few carriers actually sell that anymore.

NEVER BUY EXCESS OR SECONDARY MED-PAY

Excess, or Secondary Med-Pay means that you have to submit your medical bills to any other applicable insurance that you have (such as your private health insurance), and exhaust your benefits from that other

coverage before your Excess Med-Pay comes into play. Even then further limitations are often placed on what the Excess Med-Pay will actually cover. We have discussed this in greater detail in a previous article which also can be found on our website. We believe you should actively try to keep your patients away from this type of Med-Pay coverage when discussing the matter with them so they understand why they should never buy Excess Med-Pay. Suffice to say here that paying hard earned money for something as illusory as Excess Med-Pay is strongly discouraged.

DON'T FORGET TO BILL MED-PAY!

It might seem strange that we would include this advice in our newsletter, but we are constantly surprised by how often chiropractic offices do not submit their bills for payment under Med-Pay policies held by their patients. As a matter of routine, our office always informs the chiropractors with whom we are involved in a claim, of the existence of Med-Pay on a patient's policy. We will provide you with all the necessary details for billing. Furthermore, we are always available for advice or help on how best to bill the Med-Pay where it exists.