

SUPREME COURT OF KANSAS

Rose v. Via Christi Health System, Inc./St. Francis Campus, 276 Kan. 539

78 P.3d 798 (2003) · No. No. 88,434 · Decided October 31, 2003

SUMMARY

The Supreme Court of Kansas held that federal Medicare law preempted a trial court's order allowing Via Christi to offset its share of a negligence judgment by medical expenses written off under its Medicare agreement. The court also held that the collateral source rule applied to Medicare-paid and written-off medical expenses, affirming admission of the full medical expense evidence. The offset ruling was reversed, and the ruling on the cross-appeal was affirmed.

CASE DETAILS

COURT	Supreme Court of Kansas
WRITING FOR THE COURT	Gernon, J.; Brazil, S.J., assigned; Luckert, J.; McFarland, C.J.
JURISDICTION	Kansas
DECIDED	October 31, 2003
DOCKET	No. 88,434
DISPOSITION	reversed
PROCEDURAL POSTURE	Rose appealed an order permitting Via Christi to offset its share of a negligence judgment by Medicare-related medical expenses written off under the provider agreement. Via Christi cross-appealed the admission of evidence concerning the written-off medical expenses. The case was transferred to the Supreme Court of Kansas under K.S.A. 20-3018(c).
STANDARD OF REVIEW	A trial court's decision to offset a damage award and its admission or exclusion of evidence are reviewed for abuse of discretion. An abuse of discretion occurs when the court clearly errs or acts beyond the limits of permissible choice.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of Kansas
PARTIES	Aldena J. Rose, individually and as surviving spouse of Lyle Rose, deceased, Marilyn A. Corr, as executor of the Estate of Lyle Rose, deceased v. Via Christi Health System, Inc./St. Francis Campus

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QUESTIONS PRESENTED

1. Whether the trial court abused its discretion by permitting Via Christi to offset its share of the judgment by medical expenses written off pursuant to its Medicare provider agreement.
2. Whether the Medicare statute preempted the trial court's offset ruling.
3. Whether the collateral source rule permitted Rose to present evidence of the full reasonable medical expenses, including amounts written off under the Medicare agreement.

HOLDINGS

1. A health-care provider may not obtain a general offset against a tort judgment for Medicare-covered medical expenses that it was required to write off under its Medicare provider agreement.
2. The collateral source rule applies to the portion of Via Christi's medical bills written off pursuant to its contract with Medicare; the plaintiff may recover damages based on the reasonable expense of treatment rather than only the amount actually paid by Medicare.

KEY QUOTATIONS

"We agree with the Holle court and conclude that the Medicare statute prohibits health care providers from charging Medicare-qualified patients for items or services that are covered by Medicare." (276 Kan. 539, 543-44)

"We conclude that the Medicare statute preempts the trial court's ruling." (276 Kan. 539, 544)

"Because health care providers voluntarily contract with Medicare in the same manner as they contract with other private insurers for reduced rates, the benefit of the write-offs should be attributed to the Medicare participant rather than the health care provider." (276 Kan. 539, 551)

FACTUAL BACKGROUND

Lyle Rose was hospitalized at Via Christi's St. Francis campus for a coronary arteriogram. He fell from his hospital bed, suffered head lacerations and a subdural hematoma, and later died from the injury and related complications. Via Christi billed Medicare for his treatment; Medicare paid the covered expenses under its provider agreement, which required Via Christi to write off \$154,193.24 of the \$242,104.84 billed.

PROCEDURAL HISTORY

A jury found Via Christi 36 percent at fault and awarded total damages of \$582,186.01, including \$261,422.46 in medical expenses. The trial court granted Via Christi a \$94,112.09 offset representing its pro rata share of written-off medical expenses, but denied Via Christi's request to limit evidence of medical expenses to amounts

actually paid by Medicare. The Supreme Court of Kansas reversed the offset ruling and affirmed the evidentiary ruling.

DISPOSITION

reversed

REMAND INSTRUCTIONS

The order granting Via Christi a general offset against the written-off medical expenses was reversed. The cross-appeal concerning admission of evidence of the written-off medical expenses was affirmed.

CASES CITED

- Mynatt v. Collis, 274 Kan. 850, 57 P.3d 513 (2002)
- Carson v. Chevron Chemical Co., 6 Kan. App. 2d 776, 635 P.2d 1248 (1981)
- Unwitting Victim v. C.S., 273 Kan. 937, 47 P.3d 392 (2002)
- Wright ex rel. Trust Co. of Kansas v. Abbott Laboratories, 259 F.3d 1226 (10th Cir. 2001)
- Enlow v. Sears, Roebuck & Co., 249 Kan. 732, 822 P.2d 617 (1991)
- Jenkins v. Amchem Products, Inc., 256 Kan. 602, 886 P.2d 869 (1994)
- Holle v. Moline Public Hospital, 598 F. Supp. 1017 (C.D. Ill. 1984)
- State v. Lumley, 266 Kan. 939, 976 P.2d 486 (1999)
- Farley v. Engelken, 241 Kan. 663, 740 P.2d 1058 (1987)
- Bates v. Hogg, 22 Kan. App. 2d 702, 921 P.2d 249, rev. denied, 260 Kan. 991 (1996)
- Hodge v. Middletown Hospital Assn., 62 Ohio St. 3d 236, 581 N.E.2d 529 (1991)
- Manko v. United States, 830 F.2d 831 (8th Cir. 1987)
- Overton v. United States, 619 F.2d 1299 (8th Cir. 1980)
- Jackson v. City of Kansas City, 263 Kan. 143, 947 P.2d 31 (1997)
- Candler Hospital v. Dent, 228 Ga. App. 421, 491 S.E.2d 868 (1997)
- Brandon HMA, Inc. v. Bradshaw, 809 So. 2d 611 (Miss. 2001)
- Mitchell v. Hayes, 72 F. Supp. 2d 635 (W.D. Va. 1999)
- Acuar v. Letourneau, 260 Va. 180, 531 S.E.2d 316 (2000)
- Hanif v. Housing Authority, 200 Cal. App. 3d 635, 246 Cal. Rptr. 192 (1988)
- Moorhead v. Crozer Chester Medical Center, 564 Pa. 156, 765 A.2d 786 (2001)
- Williamson v. St. Francis Medical Center, Inc., 559 So. 2d 929 (La. App. 1990)
- Suhor v. Lagasse, 770 So. 2d 422 (La. App. 2000)
- Griffin v. Louisiana Sheriff's Auto Risk, 802 So. 2d 691 (La. App. 2001)
- Terrell v. Nanda, 759 So. 2d 1026 (La. App. 2000)
- Brannon v. Shelter Mutual Insurance Co., 520 So. 2d 984 (La. App. 1987)
- Hardi v. Mezzanotte, 818 A.2d 974 (D.C. 2003)

- Olariu v. Marrero, 248 Ga. App. 824, 549 S.E.2d 121 (2001)
- Radvany v. Davis, 262 Va. 308, 551 S.E.2d 347 (2001)
- Koffman v. Leichtfuss, 246 Wis. 2d 31, 630 N.W.2d 201 (2001)
- Restatement (Second) of Torts § 920A (1977)

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