

SUPREME COURT OF IDAHO

Neel v. Western Construction, Inc., 147 Idaho 146

206 P.3d 852 (2009) · No. No. 34891 · Decided March 5, 2009

SUMMARY

The Idaho Supreme Court considered whether a workers' compensation surety that initially denied a claim could review the claimant's medical bills for reasonableness after the claim was later determined compensable. The court held that bills incurred before compensability was determined had to be paid in full, while bills incurred thereafter could be reviewed under the workers' compensation regulations. The court remanded for findings regarding the timing of the bills, vacated the attorney-fee award, and declined to award appellate fees.

CASE DETAILS

COURT	Supreme Court of Idaho
WRITING FOR THE COURT	W. Jones, Justice; Burdick, Justice; Jones, Justice; Horton, Justice; Kidwell, Justice Pro Tem
JURISDICTION	Idaho
DECIDED	March 5, 2009
DOCKET	No. 34891
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from an order of the Idaho Industrial Commission requiring the employer's workers' compensation surety to pay the full invoiced amount of medical bills and awarding attorney fees to the claimant.
STANDARD OF REVIEW	The court freely reviews the Commission's legal conclusions but does not disturb factual findings supported by substantial and competent evidence.
PRECEDENTIAL VALUE	Published Idaho Supreme Court opinion; precedential
PARTIES	Western Construction, Inc., Advantage Workers Compensation Insurance Co. v. Stephen R. Neel

TOPICS

workers compensation

insurance

standard of review

appellate procedure

PRACTICE AREAS

workers compensation

insurance

appellate procedure

QUESTIONS PRESENTED

1. Whether a workers' compensation surety that initially denied a claim later determined compensable may review the claimant's medical bills for reasonableness under the workers' compensation regulations.
2. Whether the Industrial Commission properly awarded attorney fees to the claimant based on the surety's refusal to pay the full invoiced amount.

HOLDINGS

1. A surety that initially denies a claim later determined compensable may not review for reasonableness medical bills incurred from the accident through the date the claim is deemed compensable. The surety may review for reasonableness bills incurred on and after the date the claim is deemed compensable, in accordance with the workers' compensation regulatory scheme.
2. The attorney-fee award was improper because the surety's position on the reasonableness review issue was not unreasonable when the issue was one of first impression.

KEY QUOTATIONS

“A surety that initially denies a claim may not review for reasonableness a claimant's medical bills that were incurred prior to the time that the claim was deemed compensable, but a surety may review for reasonableness medical bills that were incurred after the claim was deemed compensable.” (206 P.3d at 854)

“Thus, we hold that sureties, having denied a claim subsequently deemed compensable by the Commission, are only permitted to review a claimant's medical bills incurred after the claim is deemed compensable to determine whether such bills are reasonable in accordance with the workers' compensation regulatory scheme.” (206 P.3d at 855)

“As noted above, the issue raised in this appeal is an issue of first impression before this Court. We cannot say it was unreasonable for Surety to take the position it did.” (206 P.3d at 856)

FACTUAL BACKGROUND

Stephen Neel was injured in an industrial accident during his employment with Western Construction, and the employer's surety initially denied his workers' compensation claim. The Industrial Commission later determined the claim compensable and ordered the surety to pay benefits. Neel submitted medical invoices totaling \$100,712.71, while the surety paid \$92,072.71 after reviewing the bills for reasonableness under the workers' compensation regulations. The record did not establish which bills were incurred before or after the claim was deemed compensable, or whether Neel remained liable for any unpaid amounts.

PROCEDURAL HISTORY

Neel sought workers' compensation benefits after a September 14, 2005 industrial accident. The surety initially denied the claim, but the Industrial Commission later found the claim compensable and, on June 8, 2007,

ordered payment of benefits. After the surety paid a reduced amount based on a reasonableness review of the medical bills, the Commission ordered payment of the full invoiced amount and awarded attorney fees. The surety appealed to the Idaho Supreme Court, which affirmed in part, reversed in part, vacated the attorney-fee award, and remanded for further findings.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The Industrial Commission must make findings determining the amount of medical bills incurred before June 8, 2007, which the surety must pay in full, and the amount incurred on or after June 8, 2007, which the surety may review and reduce under the workers' compensation regulations. The attorney-fee award is vacated, and no attorney fees are awarded on appeal.

CASES CITED

- Arel v. T & L Enterprises, Inc., 146 Idaho 29, 31, 189 P.3d 1149, 1151 (2008)
- Ewins v. Allied Sec., 138 Idaho 343, 346, 63 P.3d 469, 472 (2003)
- St. Alphonsus Reg'l Med. Ctr. v. Edmondson, 130 Idaho 108, 937 P.2d 420 (1997)