SUPREME COURT OF UTAH

Mellor v. Wasatch Crest Mutual Insurance Co.

201 P.3d 1004 (Utah 2009) · No. No. 20070763 · Decided January 27, 2009

SUMMARY

The Supreme Court of Utah held that a minor remained covered under an employer-sponsored health plan despite becoming eligible for Medicaid. The court found ambiguity in the plan's exclusions and concluded that federal and state law prohibited terminating coverage based on Medicaid eligibility; it affirmed the mother's standing to proceed on her son's behalf and reversed the ruling denying coverage.

CASE DETAILS

COURT	Supreme Court of Utah
WRITING FOR THE COURT	Justice Wilkins; Chief Justice Durham; Associate Chief Justice Durrant; Justice Nehring; Justice Parrish
JURISDICTION	Utah
DECIDED	January 27, 2009
DOCKET	No. 20070763
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from an adverse district-court order denying coverage under a health plan; the insurer and guaranty association cross-appealed the ruling that the mother had standing to pursue the claim on behalf of her minor son.
STANDARD OF REVIEW	Questions of contract interpretation confined to the contract's language and determinations of standing are reviewed for correctness.
PRECEDENTIAL VALUE	Published opinion; precedential
PARTIES	Chris Ann Williams Mellor, individually and as guardian of Hayden Williams v. Wasatch Crest Mutual Insurance Company, in Liquidation, Utah Life and Health Insurance Guaranty Association

TOPICS

insurance coverage · contract interpretation · statutory interpretation · health law · insurance

PRACTICE AREAS

insurance · health law · contracts · statutory interpretation

QUESTIONS PRESENTED

1. Whether Chris Ann Williams Mellor had standing to pursue a claim for benefits on behalf of her minor son.
2. Whether Hayden's coverage under the Wasatch Crest plan terminated when he became eligible for or received Medicaid coverage.
3. Whether the plan's exclusions for expenses covered by government programs and services covered by Medicare or other government programs, except Medicaid, were ambiguous or otherwise unenforceable under federal and Utah law.

HOLDINGS

1. A minor beneficiary may pursue recovery of benefits under ERISA, and the minor's mother has standing to bring the action on his behalf under Utah Rule of Civil Procedure 17.
2. The plan's exclusion for expenses covered by government programs and its exclusion for services covered by Medicare or other government programs, except Medicaid, created inconsistent meanings when read together and were therefore ambiguous.
3. Hayden's coverage under the Wasatch Crest plan did not terminate as a matter of law when he became eligible for or received Medicaid coverage.

KEY QUOTATIONS

> "*We therefore hold that the two provisions when read together give rise to inconsistent meanings and that the language of the Wasatch Crest plan is consequently ambiguous.*" (201 P.3d at 1009)

> "*Thus, we construe the ambiguities in the Wasatch Crest policy in favor of coverage and therefore reverse the decision of the district court.*" (201 P.3d at 1009)

> "*Therefore, we hold that the terms of the Wasatch Crest plan did not operate to terminate Hayden's coverage as a matter of law when Hayden became eligible for Medicaid coverage.*" (201 P.3d at 1010)

FACTUAL BACKGROUND

Hayden Williams was a beneficiary under a Wasatch Crest employee health-benefit plan, and his father elected COBRA continuation coverage for himself and his family after termination of employment. Hayden suffered catastrophic injuries in a near-drowning accident on August 3, 2001, and Medicaid coverage was later approved retroactively to August 1, 2001. Although Wasatch Crest continued paying medical expenses for several months, it later asserted that the plan excluded expenses covered by Medicaid and sought reimbursement from providers.

PROCEDURAL HISTORY

A referee adjudicating claims against Wasatch Crest's liquidator determined that the plan did not cover Hayden Williams's medical expenses after August 1, 2001. The Third District Court approved that determination but held that Chris Ann Williams Mellor had standing to pursue the claim on Hayden's behalf. The Utah Supreme Court affirmed the standing ruling and reversed the coverage ruling.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The district court's coverage determination is reversed; the opinion does not state additional specific remand instructions.

CASES CITED

- Saleh v. Farmers Ins. Exch., 2006 UT 20, 133 P.3d 428
- Fairbourn Commer., Inc. v. Am. Hous. Ptns., Inc., 2004 UT 54, 94 P.3d 292
- Kearns-Tribune Corp. v. Wilkinson, 946 P.2d 372 (Utah 1997)
- State v. Pena, 869 P.2d 932 (Utah 1994)
- Geissal v. Moore Medical Corp., 524 U.S. 74, 118 S. Ct. 1869, 141 L. Ed. 2d 64 (1998)
- Farmers Ins. Exch. v. Versaw, 2004 UT 73, 99 P.3d 796
- Auto Lease Co. v. Cent. Mut. Ins. Co., 7 Utah 2d 336, 325 P.2d 264 (1958)
- U.S. Fid. & Guar. Co. v. Sandt, 854 P.2d 519 (Utah 1993)