

SUPREME COURT OF PENNSYLVANIA

E.D.B. ex rel. D.B. v. Clair

987 A.2d 681 (Pa. 2009) · Decided December 29, 2009

SUMMARY

The Pennsylvania Supreme Court held that the Department of Public Welfare could obtain reimbursement from a tortfeasor for Medicaid expenditures made on behalf of a disabled minor, even when the minor’s parents’ claim for the minor’s medical expenses was barred by the statute of limitations. The court concluded that the minor was a primary beneficiary under the Fraud and Abuse Control Act and that the Act conferred a statutory right to reimbursement from the settlement. The court vacated the Superior Court’s order and reinstated the common pleas court’s order approving reimbursement.

CASE DETAILS

|                       |                                                                                                                                                                                                                                        |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COURT                 | Supreme Court of Pennsylvania                                                                                                                                                                                                          |
| WRITING FOR THE COURT | Justice McCaffery; Chief Justice Castille; Justice Baer; Justice Eakin; Justice Saylor; Justice Todd; Justice Greenspan                                                                                                                |
| JURISDICTION          | Pennsylvania                                                                                                                                                                                                                           |
| DECIDED               | December 29, 2009                                                                                                                                                                                                                      |
| DISPOSITION           | vacated                                                                                                                                                                                                                                |
| PROCEDURAL POSTURE    | The Pennsylvania Department of Public Welfare sought review of a Superior Court decision reversing a Court of Common Pleas order requiring reimbursement of Medicaid expenditures from a settlement in a disabled minor's tort action. |
| STANDARD OF REVIEW    | Statutory interpretation is a question of law subject to de novo review.                                                                                                                                                               |
| PRECEDENTIAL VALUE    | published precedential opinion                                                                                                                                                                                                         |
| PARTIES               | Pennsylvania Department of Public Welfare v. E.D.B. ex rel. D.B.                                                                                                                                                                       |

TOPICS

- medicare medicaid
- health law
- statutory interpretation
- torts
- remedies

PRACTICE AREAS

- health law
- Medicaid reimbursement
- statutory interpretation
- torts
- remedies

## QUESTIONS PRESENTED

1. Whether a minor child whose estate may be legally liable for medical expenses resulting from an injury can sue the tortfeasor for reimbursement of those expenses.
2. Whether the Pennsylvania Legislature intended the Fraud and Abuse Control Act to permit a minor receiving medical assistance to recover medical expenses from a tortfeasor.
3. Whether a minor child is a beneficiary under 62 P.S. § 1409(b)(13) for purposes of DPW's reimbursement lien.
4. Whether DPW may recover Medicaid expenditures made on behalf of a disabled minor when the parents' claim for those expenses is barred by the statute of limitations.

## HOLDINGS

1. Under the Fraud and Abuse Control Act, both a Medicaid recipient minor and the minor's parents acting as guardians are beneficiaries, with the minor being the primary beneficiary.
2. A Medicaid beneficiary has a cause of action against the tortfeasor to recover and reimburse DPW for Medicaid benefits received during the beneficiary's minority, and DPW may enforce its statutory lien against the beneficiary's settlement notwithstanding the parents' time-barred claim.
3. *Arkansas Department of Health and Human Services v. Ahlborn* limits the portion of a settlement from which a Medicaid lien may be satisfied, but it does not determine whether a minor is a beneficiary or whether Pennsylvania law permits DPW to recover Medicaid expenditures incurred during minority.

## KEY QUOTATIONS

*“Thus, we hold that, under subsection 1409(b) of the Fraud and Abuse Control Act, both Emily and her parents are beneficiaries, with Emily being the primary beneficiary and her parents also being beneficiaries insofar as they serve as Emily’s guardians.”* (at 689)

*“In sum, we hold that, pursuant to the Fraud and Abuse Control Act, a Medicaid beneficiary has a cause of action against his or her tortfeasor to recover and reimburse DPW for Medicaid benefits received during the beneficiary’s minority.”* (at 692)

## FACTUAL BACKGROUND

E.D.B. was born with severe physical and mental disabilities allegedly caused by medical negligence. Her parents filed a tort action nearly eighteen years later, after their own common-law claim for medical expenses incurred during her minority was barred by the statute of limitations. The action settled, and the settlement included a special needs trust. DPW asserted a lien for Medicaid benefits paid for E.D.B.'s care, and the Court of Common Pleas ordered reimbursement of \$56,517.81 from the trust.

## PROCEDURAL HISTORY

E.D.B., through her parents and guardians, sued the hospital and physician allegedly responsible for her disabilities and reached a settlement that included funds held in a special needs trust. The Court of Common Pleas ordered the trustee to reimburse DPW \$56,517.81 for Medicaid expenditures. The Superior Court reversed,

holding that DPW could recover only expenses incurred after E.D.B. reached majority. The Supreme Court of Pennsylvania reversed the Superior Court and reinstated the Court of Common Pleas order.

#### DISPOSITION

vacated

#### REMAND INSTRUCTIONS

The Supreme Court vacated the Superior Court's order and reinstated the Court of Common Pleas order requiring reimbursement of DPW's lien. No further remand instructions were stated.

#### CASES CITED

- Bowmaster v. Clair, 933 A.2d 86 (Pa. Super. 2007)
- Bowmaster v. Clair, 598 Pa. 593, 959 A.2d 900 (2008)
- Hathi v. Krewstown Park Apartments, 385 Pa. Super. 613, 561 A.2d 1261 (1989)
- Penn Jersey Advance, Inc. v. Grim, 599 Pa. 534, 962 A.2d 632 (2009)
- Borough of Youngwood v. Pennsylvania Prevailing Wage Appeals Board, 596 Pa. 603, 947 A.2d 724 (2008)
- Housing Authority of the County of Chester v. Pennsylvania State Civil Service Commission, 556 Pa. 621, 730 A.2d 935 (1999)
- Vitac Corporation v. Workers' Compensation Appeal Board (Rozanc), 578 Pa. 574, 854 A.2d 481 (2004)
- Arkansas Department of Health and Human Services v. Ahlborn, 547 U.S. 268, 126 S. Ct. 1752, 164 L. Ed. 2d 459 (2006)
- Shaffer-Doan v. Department of Public Welfare, 960 A.2d 500 (Pa. Cmwlt. 2008)
- Miller v. Lankenau Hospital, 152 Pa. Cmwlt. 266, 618 A.2d 1197 (1992)
- Schmidt v. Kratzer, 402 Pa. 630, 168 A.2d 585 (1961)
- Woeckner v. Erie Electric Motor Co., 182 Pa. 182, 37 A. 936 (1897)