

SUPREME COURT OF CONNECTICUT

Amy Rathbun et al. v. Health Net of the Northeast, Inc., 313 Conn. 320

96 A.3d 1 (2015) · No. SC 18928 · Decided March 10, 2015

SUMMARY

The Connecticut Supreme Court considered whether General Statutes § 17b-265 authorizes the Department of Social Services or its assignee to seek reimbursement from a Medicaid recipient for medical expenses the recipient recovered from a liable third party. The court held that the statutory right of subrogation includes the common-law right to seek reimbursement from a recipient who has recovered those medical costs, and it affirmed the Appellate Court's judgment for Health Net. The court also discussed federal Medicaid third-party-liability requirements and Connecticut's statutory reimbursement scheme.

CASE DETAILS

COURT	Supreme Court of Connecticut
WRITING FOR THE COURT	Palmer, J.; Zarella, J.; McDonald, J.; Espinosa, J.; Vertefeuille, J.
JURISDICTION	Connecticut
DECIDED	March 10, 2015
DOCKET	SC 18928
DISPOSITION	affirmed
PROCEDURAL POSTURE	Certified appeal from the Appellate Court's affirmance of a trial court judgment granting Health Net's motion for summary judgment on the plaintiffs' declaratory judgment claim and denying the plaintiffs' motion for summary judgment.
STANDARD OF REVIEW	Plenary review applies to the trial court's summary judgment ruling and to the question of statutory interpretation.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of Connecticut
PARTIES	Amy Rathbun, Tanequa Brayboy v. Health Net of the Northeast, Inc.

TOPICS

[medicare medicaid](#)[health law](#)[statutory interpretation](#)[insurance](#)[declaratory judgment](#)

PRACTICE AREAS

health law

Medicaid reimbursement

insurance subrogation

statutory interpretation

declaratory judgment

QUESTIONS PRESENTED

1. Whether General Statutes § 17b-265 authorizes the Department of Social Services or its designated assignee to seek reimbursement from a Medicaid recipient for medical costs the recipient recovered from a legally liable third party.
2. Whether the plaintiffs' argument that § 17b-265 permits recovery only directly from the liable third party defeats Health Net's assigned subrogation right.
3. Whether General Statutes § 17b-94 provides the exclusive mechanism for recovering Medicaid medical costs from a recipient's recovery from a liable third party.

HOLDINGS

1. General Statutes § 17b-265 authorizes the Department of Social Services, and Health Net as its assignee, to seek reimbursement from a Medicaid recipient for medical costs that the recipient recovered from a liable third party, subject to recovery not exceeding the medical costs paid and recovered.
2. Section 17b-94 does not provide the exclusive means by which the state or its assignee may seek reimbursement from a Medicaid recipient; § 17b-265 independently authorizes the broader assigned subrogation remedy.

KEY QUOTATIONS

“We therefore look to extratextual sources that are relevant to our resolution of the issue.” (313 Conn. 337)

“We can perceive no reason, however, why the state can not comply with federal third-party liability requirements by enacting a subrogation statute that incorporates common-law subrogation principles, including the principle that an insurer may seek reimbursement from an insured for costs recovered from a third party for which the insurer already has paid.” (313 Conn. 346-347)

“As between an interpretation that renders § 17b-94 superfluous as applied to Medicaid recipients and an interpretation that would prevent the state from complying with its obligations under federal law, however, we conclude that the former is more reasonable.” (313 Conn. 352)

FACTUAL BACKGROUND

Health Net administered Connecticut's Medicaid managed-care program under a contract with the Department of Social Services and was assigned the department's rights to third-party recoveries. Health Net paid \$2,982.93 for medical treatment for Amy Rathbun after a motor-vehicle accident and \$13,541.45 for treatment for Kay' Anah Brayboy, who later died from injuries sustained after being struck by a vehicle. The plaintiffs pursued claims against the responsible tortfeasors, and Health Net sought reimbursement from them for medical costs recovered from the third parties.

PROCEDURAL HISTORY

The plaintiffs filed a putative class action challenging Health Net's authority to seek reimbursement for Medicaid medical expenses recovered from liable third parties. The trial court granted Health Net summary judgment on the declaratory judgment count; the plaintiffs withdrew the remaining counts. The Appellate Court affirmed, and the Supreme Court of Connecticut granted certification limited to whether General Statutes § 17b-265 permitted Health Net to recover collateral-source payments from the plaintiffs.

DISPOSITION

affirmed

CASES CITED

- Rathbun v. Health Net of the Northeast, Inc., 133 Conn. App. 202, 204-215, 35 A.3d 320 (2012)
- Plato Associates, LLC v. Environmental Compliance Services, Inc., 298 Conn. 852, 862, 9 A.3d 698 (2010)
- Picco v. Voluntown, 295 Conn. 141, 147, 989 A.2d 593 (2010)
- State v. Peters, 287 Conn. 82, 89-93, 946 A.2d 1231 (2008)
- Arkansas Dept. of Health & Human Services v. Ahlborn, 547 U.S. 268, 275-278, 280 n.9, 284, 126 S. Ct. 1752, 164 L. Ed. 2d 459 (2006)
- Schweiker v. Gray Panthers, 453 U.S. 34, 37, 101 S. Ct. 2633, 69 L. Ed. 2d 460 (1981)
- Fireman's Fund Ins. Co. v. TD Banknorth Ins. Agency, Inc., 309 Conn. 449, 455-456, 72 A.3d 36 (2013)
- Automobile Ins. Co. v. Conlon, 153 Conn. 415, 419, 216 A.2d 828 (1966)
- Sargeant v. International Union of Operating Engineers, Local Union 478 Health Benefits & Ins. Fund, 746 F. Supp. 241, 245-256 (D. Conn. 1990)
- Continental Ins. Co. v. Connecticut Natural Gas Corp., 5 Conn. App. 53, 59, 497 A.2d 54 (1985)
- Amica Mutual Ins. Co. v. Barton, 1 Conn. App. 569, 574, 474 A.2d 104 (1984)
- Allstate Ins. Co. v. Palumbo, 296 Conn. 253, 269 n.10, 994 A.2d 174 (2010)
- Home Ins. Co. v. Pinski Bros., Inc., 160 Mont. 219, 226, 500 P.2d 945 (1972)
- Maher v. Freedom of Information Commission, 192 Conn. 310, 317-318, 472 A.2d 321 (1984)
- State v. Marks, 239 Conn. 471, 479, 686 A.2d 969 (1996)
- Calcano v. Calcano, 257 Conn. 230, 244, 777 A.2d 633 (2001)
- Persico v. Maher, 191 Conn. 384, 393, 465 A.2d 308 (1983)
- Cricchio v. Pennisi, 90 N.Y.2d 296, 307, 683 N.E.2d 301, 660 N.Y.S.2d 679 (1997)
- Roberts v. Total Health Care, Inc., 349 Md. 499, 513, 709 A.2d 142 (1998)
- Hedgebeth v. Medford, 74 N.J. 360, 365, 378 A.2d 225 (1977)
- Mitchell v. Coney Island Site 4A-1 Houses, Inc., New York Supreme Court, Docket No. 48910/97 (N.Y. Sup. May 20, 2002)
- Shawnee Fire Ins. Co. v. Cosgrove, 86 Kan. 374, 377-378, 121 P. 488 (1911)