

SUPREME COURT OF PENNSYLVANIA

Strickler ex rel. Strickler v. Desai, 571 Pa. 621

813 A.2d 650 (Pa. 2002) · Decided December 31, 2002

SUMMARY

The Supreme Court of Pennsylvania addressed whether the Pennsylvania Property and Casualty Insurance Guaranty Association could offset its settlement obligation against medical expenses previously paid by the claimant's health insurer. The court held that the medical expenses were part of the malpractice claim because they were alleged in the complaint and pretrial statement, and that the Association was entitled to offset the Aetna payments under the Act's non-duplication-of-recovery provision. The court affirmed the Superior Court's decision.

CASE DETAILS

COURT	Supreme Court of Pennsylvania
WRITING FOR THE COURT	Justice Newman; Chief Justice Zappala; Justice Cappy; Justice Castille; Justice Nigro; Justice Saylor
JURISDICTION	Pennsylvania
DECIDED	December 31, 2002
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appellants sought to compel the Pennsylvania Property and Casualty Insurance Guaranty Association to fund its \$200,000 portion of a medical-malpractice settlement. The trial court denied the motion, and the Superior Court affirmed. The Supreme Court of Pennsylvania granted review.
PRECEDENTIAL VALUE	Published Pennsylvania Supreme Court opinion; binding precedent, although issued as an opinion announcing the judgment of the court.
PARTIES	James Strickler, Jr., a minor, by James Strickler and Angela Strickler, his parents and natural guardians, James Strickler and Angela Strickler, in their own right v. Bharati Desai, M.D.

TOPICS

[insurance](#)[medical malpractice](#)[statutory interpretation](#)[health law](#)[negligence](#)

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether section 991.1817(a) of the Pennsylvania Property and Casualty Insurance Guaranty Association Act permits the Association to offset its obligation under a malpractice settlement by health-insurance payments previously received by the claimants.
2. Whether the medical expenses pleaded in the malpractice complaint were part of the covered claim and settlement for purposes of applying the statutory offset.
3. Whether the settlement's failure to allocate damages required a remand to determine what portion of the settlement represented medical expenses.

HOLDINGS

1. Section 991.1817(a) requires the Association's payment on a covered claim to be reduced by recovery under other insurance, including health insurance. The Association therefore could offset Aetna's prior payments against its settlement obligation.
2. The allegations in the complaint and pretrial statement determine whether the malpractice claim included medical expenses. Because appellants pleaded medical expenses and settled all claims in the complaint, they were bound by those pleadings and could not later deny that the settlement included medical-expense damages.
3. No remand was warranted because the settlement did not allocate damages and, under the circumstances, no court could reliably determine what portion represented medical expenses.

KEY QUOTATIONS

"Any amount payable on a covered claim under this act shall be reduced by the amount of any recovery under other insurance." (654)

"However, the allegations in the complaint determine whether there is a claim for medical expenses, not the ability of counsel to obtain conflicting statements from his experts." (655)

"Because Appellants sought medical expenses in the complaint and settled all of the claims in the complaint, we deem the settlement to include amounts attributable to medical expenses." (656)

"The Association is entitled to offset the amount of medical expenses Aetna paid from the amount of its liability." (657)

FACTUAL BACKGROUND

James Strickler, Jr. allegedly suffered neurological injury after Dr. Desai failed to diagnose hydrocephalus and a malignant brain tumor during the child's first eighteen months. The malpractice complaint sought medical, hospital, and institutional-care expenses, among other damages. Dr. Desai's insurer became insolvent, and the parties settled the malpractice action for \$750,000, but the settlement did not allocate any portion to particular categories of damages. Aetna had already paid \$423,374.48 in medical expenses, exceeding the Association's \$200,000 statutory obligation.

PROCEDURAL HISTORY

Appellants filed a medical-malpractice action against Dr. Desai in the Court of Common Pleas of Westmoreland County. After Dr. Desai's insurer became insolvent, the Association assumed the defense and reserved its right to offset Aetna's prior payments under the Pennsylvania Property and Casualty Insurance Guaranty Association Act. The parties settled for \$750,000, with the Association responsible for \$200,000 and the CAT Fund for \$550,000. The Association declined to pay its portion, asserting that Aetna's payments extinguished its obligation. The trial court denied enforcement of the settlement against the Association, and the Superior Court affirmed.

DISPOSITION

affirmed

CASES CITED

- Bell v. Slezak, 571 Pa. 383, 812 A.2d 566 (2002)
- Strickler v. Desai, 768 A.2d 862 (Pa. Super. Ct. 2001)
- Bethea v. Forbes, 519 Pa. 422, 548 A.2d 1215 (1988)
- Mitzelfelt v. Kamrin, 526 Pa. 54, 584 A.2d 888 (1990)
- General Accident Insurance Co. of America v. Allen, 547 Pa. 693, 692 A.2d 1089 (1997)
- O'Rourke v. Commonwealth, 566 Pa. 161, 778 A.2d 1194 (2001)
- In re Kritz' Estate, 387 Pa. 223, 127 A.2d 720 (1956)