

MICHIGAN COURT OF APPEALS

Centria Home Rehabilitation, LLC v. Philadelphia Indemnity Insurance Company

Centria Home Rehabilitation · No. Nos. 359371, 359372 · Decided March 2, 2023

SUMMARY

The Michigan Court of Appeals held that a healthcare provider acting as an assignee of an insured’s rights, or pursuing a direct action under MCL 500.3112, may sue an insurer to recover the difference between billed and paid PIP benefits when the reasonableness of the charges is disputed. The court distinguished prior cases involving insureds who had not suffered actual damages and adopted persuasive reasoning from an unpublished decision concerning assignments of PIP-benefit rights. It reversed summary disposition, vacated case-evaluation sanctions, and remanded for further proceedings.

CASE DETAILS

COURT	Michigan Court of Appeals
WRITING FOR THE COURT	K. F. Kelly, P.J.; Christopher M. Murray, J.; Brock A. Swartzle, J.
JURISDICTION	Michigan
DECIDED	March 2, 2023
DOCKET	Nos. 359371, 359372
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Consolidated appeals from an order granting summary disposition under MCR 2.116(C)(10) to Philadelphia Indemnity Insurance Company and a subsequent order granting case evaluation sanctions under MCR 2.403(O). Docket No. 359371 was an appeal by delayed application for leave; Docket No. 359372 was an appeal by right.
STANDARD OF REVIEW	Summary disposition under MCR 2.116(C)(10) is reviewed de novo. Case evaluation sanctions are generally reviewed de novo, while application of the interest-of-justice exception is reviewed for an abuse of discretion.
PRECEDENTIAL VALUE	Published Michigan Court of Appeals opinion; precedential under Michigan law subject to final publication.

PARTIES

Centria Home Rehabilitation, LLC v. Philadelphia Indemnity Insurance Company

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QUESTIONS PRESENTED

1. Whether a healthcare provider acting as an assignee of an insured's rights may sue an insurer directly for the difference between the provider's billed charges and the insurer's partial payment when the reasonableness of the charges is disputed.
2. Whether a healthcare provider may bring the same claim directly under MCL 500.3112 for services provided after the effective date of the statutory amendment.
3. Whether the trial court properly granted summary disposition when the reasonableness of the insurer's payments had not been resolved.
4. Whether the order awarding case evaluation sanctions could stand after reversal of the summary-disposition judgment.
5. Whether the one-year-back rule barred the claims and whether MCL 500.3143 barred claims for services provided after the assignment date.

HOLDINGS

1. When a healthcare provider acts under an assignment of rights from an insured and seeks to recover the balance due for PIP benefits while the reasonableness of the charges is disputed, the provider has standing to sue the insurer directly.
2. A healthcare provider may sue an insurer directly under MCL 500.3112 to recover overdue PIP benefits for services provided after June 11, 2019, the effective date of the amendment creating that cause of action.
3. Summary disposition was improper because a genuine dispute existed regarding whether Philadelphia Indemnity's partial payments were reasonable, and the trial court had made no finding resolving that issue.
4. The order awarding case evaluation sanctions had to be vacated because reversal eliminated the judgment that had supplied the relevant verdict for purposes of the sanctions analysis.
5. The fraud argument did not warrant affirmance on summary disposition; the one-year-back issue was moot because Centria disclaimed claims for services rendered before March 2, 2019; and MCL 500.3143 did not bar claims for services provided after June 11, 2019 because those claims could proceed under MCL 500.3112 without an assignment.

KEY QUOTATIONS

“When a healthcare provider, acting under an assignment of rights from the insured or under a direct cause of action under MCL 500.3112, seeks to recover the balance due for PIP benefits from an insurer and there is a dispute over the reasonableness of the charges, the health care provider has standing to bring such a claim directly against the insurer.” (at 1)

“Although unpublished decisions of this Court are not binding, MCR 7.215(J)(1), the reasoning in an unpublished decision may be adopted as persuasive.” (at 7)

“By recognizing a health care provider’s ability to bring a claim against an insurer for the difference between what was billed and what was paid, claims concerning these amounts will be most efficiently litigated by the parties with the pecuniary interest at stake.” (at 8)

“Because plaintiff was entitled to assert a cause of action against defendant for the balance due, the trial court erred when it granted defendant’s motion for summary disposition.” (at 10)

FACTUAL BACKGROUND

Nicholas Randall was injured as a passenger in a commercial vehicle insured by Philadelphia Indemnity. Centria provided Randall 24-hour in-home attendant care and billed \$33.20 per hour, but Philadelphia Indemnity paid only part of the submitted charges based on a market survey and disputed the reasonableness of the balance. Randall assigned rights to payment to Centria, which sued the insurer to recover the unpaid difference and also relied on the direct provider cause of action created by MCL 500.3112.

PROCEDURAL HISTORY

Centria sued Philadelphia Indemnity and Auto Club Insurance Association for unpaid personal injury protection benefits, alleging both an assignment of Randall's rights and a direct cause of action under MCL 500.3112. The Oakland Circuit Court granted Philadelphia Indemnity summary disposition, denied reconsideration and relief from judgment, and later awarded Philadelphia Indemnity case evaluation sanctions after it accepted and Centria rejected a \$35,000 evaluation award. The Michigan Court of Appeals reversed the summary-disposition order, vacated the sanctions order, and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand for further proceedings consistent with the opinion. The court's order granting summary disposition is reversed, the order granting case evaluation sanctions is vacated, and the court of appeals does not retain jurisdiction.

CASES CITED

- McGill v Auto Ass'n of Mich, 207 Mich App 402; 526 NW2d 12 (1995)

- LaMothe v Auto Club Ins Ass'n, 214 Mich App 577; 543 NW2d 42 (1996)
- Covenant Med Ctr, Inc v State Farm Mut Auto Ins Co, 500 Mich 191; 895 NW2d 490 (2017)
- Mich Institute of Pain & Headache, PC v State Farm Mut Automobile Ins Co, unpublished per curiam opinion, issued June 24, 2021 (Docket No. 353033)
- Community Resource Consultants, Inc v Progressive Mich Ins Co, 480 Mich 1097; 745 NW2d 123 (2008)
- Auto-Owners Ins Co v Compass Healthcare PLC, 326 Mich App 595; 928 NW2d 726 (2018)
- Adanalic v Harco Nat'l Ins Co, 309 Mich App 173; 870 NW2d 731 (2015)
- Meemic Ins Co v Fortson, 506 Mich 287; 954 NW2d 115 (2020)
- Shelton v Auto Owners Ins Co, 318 Mich App 648; 899 NW2d 744 (2017)
- Chouman v Home Owners Ins Co, 293 Mich App 434; 810 NW2d 88 (2011)
- Johnson v Recca, 492 Mich 169; 821 NW2d 520 (2012)
- Pioneer State Mut Ins Co v Dells, 301 Mich App 368; 836 NW2d 257 (2013)
- Harbour v Correctional Med Servs, Inc, 266 Mich App 452; 702 NW2d 671 (2005)
- Zaremba Equip, Inc v Harco Nat'l Ins Co, 302 Mich App 7; 837 NW2d 686 (2013)
- Boardman v Dep't of State Police, 243 Mich App 351; 622 NW2d 97 (2000)
- In re Guardianship of Brosamer, 328 Mich App 267; 936 NW2d 870 (2019)
- Glasker-Davis v Auvenshine, 333 Mich App 222; 964 NW2d 809 (2020)

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