

MEDPAY IS NOT HEALTH INSURANCE, THIS IS SUBJECT TO HEALTH PROVIDER LIEN

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Dignity v. Farmers

Arizona Court of Appeals, June 11, 2019

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When a health care provider treats someone who has been injured, and the person receives payment from another for that injury, A.R.S. § 33-931 allows the health care provider to obtain a lien against that payment, except if the payment is from “health insurance” or underinsured and uninsured motorist coverage. Here, Elliott was injured in a car accident and was treated at Dignity Health. The usual and customary charges exceeded \$160,000. Dignity perfected and recorded a health care lien for over \$140,000 to secure payment for its services.

Farmers had issued Elliott an auto policy that included medpay coverage. Despite Dignity’s lien, Farmers paid Elliott \$99,000 in medpay benefits. Dignity sued Farmers claiming it violated Dignity’s lien. The trial court dismissed Dignity’s suit, ruling that the medpay benefits were not subject to the lien.

The court of appeals reversed. It went through the legislative history of the statute and rejected Farmer’s argument that “health insurance” means “health insurance as defined in A.R.S. § 20-259.01” [the uninsured/underinsured statute]. And in any event, the term “health insurance” is not defined in § 20-259.01. Had the legislature wanted to exempt “health insurance motorist coverage as defined in § 20-259.01,” it could have done so directly. The court also rejected the argument that the term “health insurance” had to mean the same as “medpay” because the contexts in which the statutes use the two terms is different. Indeed, another statute pertaining to an insurer’s lien—arguably more analogous to this situation—treats the two terms as different things. The court finally recognized that it had previously recognized the difference between health insurance and medpay coverage in a different context. *Haisch v. Allstate Ins. Co.* (Ct. App. 2000). For these reasons, the court held that the exclusion of health insurance from § 33-931 does not also exclude medpay coverage, and Farmers should have recognized Dignity’s lien.

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