

Health Headlines

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Upcoming Indiana Case Will Rule on Hospital Billing of Uninsured Patients

On May 10, the Indiana Supreme Court will hear oral arguments in the case of *Abby Allen, et al. v. Clarian Health Partners, Inc.*, in which the plaintiffs allege that the defendant hospital system's billing of uninsured patients is unreasonable and unenforceable. The two plaintiffs, both uninsured, received medical care from Clarian North Medical Center, part of the Clarian Health Partners system (now Indiana University Health) ("IU Health") in 2008 and 2009. Prior to receiving medical services, the plaintiffs each signed a contract guaranteeing payment of the hospital's charges. Plaintiffs filed a complaint against IU Health in 2010 claiming that IU Health's allegedly unreasonable charges for uninsured patients constitute a breach of contract since the contract was silent as to the hospital's fees or charges and Indiana law states that, in the absence of a specific arrangement, only a "reasonable charge" will be implied. Both plaintiffs allege that the charges billed by IU Health for uninsured patients are much higher than the payments accepted from insured patients, and are therefore unreasonable.

The trial court dismissed plaintiffs' suit for failure to state a claim, but the Indiana Court of Appeals reversed on October 12, 2011. **Allen v. Clarian Health Partners, Inc., 955 N.E.2d 804 (2011)**. In its opinion, the Court of Appeals agreed that plaintiffs had stated a proper claim, that the contracts in question were silent and ambiguous as to IU Health's fees or charges for the services provided, and that Indiana law required that only a reasonable charge be implied in the contract.

The outcome of the case has potential implications for other hospitals in Indiana. The plaintiffs' attorney has suggested he will target other hospitals for similar practices with a possible class action suit for claims going back over the past decade. A provision of the Patient Protection and Affordable Care Act limits charges of tax-exempt hospital to uninsured patients to "amounts charged for emergency or other medically necessary care" furnished to individuals eligible for assistance under a hospital's financial assistance policy. However, this provision does not apply retroactively, nor does it bar patients from litigating past billing practices.

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