

**IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
CIVIL TRIAL DIVISION**

DR. RICHARD S. GLICK, D.O. <i>ET AL.</i>	:	March Term, 2002
INDIVIDUALLY AND ON BEHALF OF ALL OTHERS	:	
SIMILARLY SITUATED	:	
	:	
<i>Plaintiff</i>	:	
	:	
v.	:	Case No. 01179
	:	
PROGRESSIVE NORTHERN INSURANCE COMPANY AND	:	Commerce Program
MOUNTAIN LAUREL INS. CO.	:	
D/B/A "PROGRESSIVE INSURANCE CO."	:	Control No. 08100838
	:	
<i>Defendants</i>	:	

OPINION

Plaintiff's motion for partial summary judgment requires this court to determine whether an invoice for medical services (the "HCFA-1500 Form,") provides reasonable proof of the amount of benefits rendered to persons injured in auto accidents. The motion for partial summary judgment also requires this court to determine whether interest on overdue medical benefits should be calculated from the date in which an insurer receives an HCFA-1500 bill, or from the date in which such a bill becomes overdue. For the reasons below, this court finds that an HCFA-1500 bill provides reasonable proof of the amount of benefits rendered, and interest on medical benefits is calculated from the day in which the bill becomes overdue.

BACKGROUND

Defendant, Progressive Northern Insurance Company, ("Progressive,") sells auto insurance policies pursuant to the Motor Vehicle Financial Responsibility Law, 75 Pa.

C.S.A. § 1700 *et seq.* (the “MVFRL.”) Pursuant to the MVFRL, Plaintiff, Richard S. Glick, D.O. (“Glick,”) offers treatment to persons injured in auto accidents. When Glick provides medical services to an injured person, he sends a first-party medical benefits bill to Progressive. The bill is filed on a standard form known as the HCFA-1500 Form.

Glick’s Amended Complaint asserts that Progressive obtains reasonable proof of the amount of the benefits whenever it receives a HCFA-1500 bill. According to the Amended Complaint, Progressive allows the bills to become overdue, remits payment of the principal, but fails to include payment of interest.¹ Glick sought and obtained class action certification to recover unpaid interests on all overdue HCFA-1500 bills. The Order certifying the class stated that—

[t]he class shall consist of any person, institution, corporation, entity or provider of medical benefits ... who has provided and therefore received or is entitled to receive payments for any medical benefits or first party benefits ... as those terms are defined in § 1702, § 1711 and § 1712(1), (5) & (6) of the Pennsylvania Motor Vehicle Financial Responsibility Law, 75 Pa. C.S. § 1701 *et seq.* ... arising out of injuries suffered by Defendants’ insured in motor vehicle accidents, where Defendants’ payment of such Medical Benefits are or were “overdue” (as defined in § 1716 of the MVFRL) and Defendants have not paid the Medical Benefits in full because the payments by Progressive did not include 12% per annum interest on such overdue Medical Benefits and/or no payment of Medical Benefits has yet been made or are overdue.²

On 20 January 2005, the parties stipulated that the case should be stayed pending appellate review of a decision addressing whether medical providers possessed a private cause of action for payment of benefits under the MVFRL. In 2007, the Pennsylvania

¹ First Amended Complaint at ¶ 3

² Order, Docket No. 0203-1179, control No. 021909 (the Honorable Gene D. Cohen, J.)

Supreme Court held that medical providers do have such a private cause of action,³ and the case was removed from deferred status. Now the court is asked to address Glick's motion for partial summary judgment. Both parties "essentially agree that the resolution of this case hinges on a single legal issue, namely whether § 1716 of the MVFRL requires Progressive to automatically pay 12% interest on all bills that it paid more than 30 days after it received proof of the amount of those bills, regardless of the reason for the delay."⁴

DISCUSSION

The Pennsylvania Rules of Civil Procedure "instruct in relevant part that the court shall enter judgment whenever there is no genuine issue of material fact as to a necessary element of the cause of action or defense that could be established by additional discovery. Under the Rules, a motion for summary judgment is based on an evidentiary record that entitles the moving party to a judgment as a matter of law."⁵

I. Form HCFA-1500 provides reasonable proof of the amount of the benefits.

In the motion for partial summary judgment, Glick argues the HCFA-1500 Forms, as routinely supplied to Progressive, provided reasonable proof of the amount of the benefits. Opposing the motion, Progressive notes the drafters of the MVFRL chose not to specifically identify the HCFA-1500 Form as a provider of reasonable proof of the amount of the benefits.⁶ Progressive concludes that since the drafters of the MVFRL ignored the HCFA-1500 Form, "mere receipt of a HCFA-1500 Form ... does not ... constitute reasonable proof of the amount of the benefits."⁷

³ *Schappel v. Motorists Mutual Insurance Company et al.*, 934 A.2d 1184 (Pa. 2007).

⁴ Memorandum Opinion, Docket No. 0203-1179, control No. 021909 (the Honorable Gene D. Cohen, J.)

⁵ *Scalice v. Pa. Emples. Benefit Trust Fund*, 883 A.2d 429, 435 (Pa. 2005) (citing Pa. R.C.P. 1035.2(1), 1035.2(2)).

⁶ Defendants' memorandum of law in opposition to the motion for partial summary judgment, p. 21.

⁷ Defendants' memorandum of law in opposition to the motion for partial summary judgment, p. 20.

“The purpose of the interpretation and construction of statutes is to ascertain and effectuate the legislature's intent.... When the words of a statute are clear and free from all ambiguity, they are presumed to be the best indication of legislative intent.”⁸ A Court must determine legislative intent from the totality of the statute.⁹

The pertinent sections of the MVFRL state:

§ 1716. Payment of benefits.

Benefits are overdue if not paid within 30 days after the insurer receives reasonable proof of the amount of the benefits. If reasonable proof is not supplied as to all benefits, the portion supported by reasonable proof is overdue if not paid within 30 days after the proof is received by the insurer. Overdue benefits shall bear interest at the rate of 12% per annum from the date the benefits become due.

§ 1797(b)

(3) Pending determinations by PRO.—If the insurer challenges within 30 days of receipt the bill for medical treatment or rehabilitative services, the insurer need not pay the provider subject to the challenge until a determination has been made by the PRO [peer review organization].¹⁰

These words are clear and free from doubt: insurers are required to pay within 30 days of receipt of a reasonable proof of the amount of the benefits. If an insurer does not pay within 30 days of receipt of reasonable proof, interest is triggered at 12% per year. An insurer that questions the amount of the benefits contained in the invoice may challenge the amount by seeking peer review within 30 days of receipt. As long as any invoice is under peer review, an insurer need not pay any interest.

Examination of the HCFA-1500 bills reveal that they provide reasonable proof of the amount of the benefits. Each HCFA-1500 bill identifies the patient, the insured, the

⁸ *St. Elizabeth's Child Care Ctr. v. Dep't of Pub. Welfare*, 963 A.2d 1274, 1276 (Pa. 2009).

⁹ *Causer v. Manderino*, 488 A.2d 36, 38 (Pa. Super. 1985).

¹⁰ 75 Pa.C.S. §§ 1716, 1797(b)(3).

provider of medical treatment and the diagnosis, and it specifies which treatments were administered to the patient, and when. Most importantly, each bill itemizes the amount of each treatment, declares a total charge for all administered benefits, and displays the balance due.¹¹ Nothing in the record shows Progressive challenged the HCFA-1500 bills. Rather, the record contains evidence Progressive allowed the bills to become overdue, then paid the principal on each bill, but failed to remit payment of any interest.¹² Since Progressive failed to challenge the bills, failed to pay within 30 days of their receipt, and failed to pay interest, the motion for partial summary judgment is granted in part, and Progressive is required to pay 12% interest per year on any HCFA-1500 bills that were paid more than 30 days after receipt.

II. Interest is calculated from the day in which any HCFA-1500 bill becomes overdue.

Glick's motion for partial summary judgment asks this Court to rule that interest on overdue benefits should be calculated beginning from the date in which Provident receives the bills. The language of § 1716 of the MVFRL is clear and free from doubt, and Glick's interpretation of the statute clashes with the clear intent of the drafters of the MVFRL. Pursuant to § 1716 of the MVFRL, bills become overdue when an insurer, having received reasonable proof of the amount of the benefits, fails to pay within 30 days of receipt. Interest must be calculated at a rate of 12% per year, beginning from the day in which the bill becomes overdue.

In this case, Progressive received the HCFA-1500 bills and allowed them to become overdue. As each bill became overdue, interest was triggered at a rate of 12% per year. Calculation of such interest must begin from the date when each bill became overdue,

¹¹ Form HCFA-1500, Exhibit E to Glick's motion for partial summary judgment.

¹² Claims Nos. 016411027-01, 016411027-04. Exhibit A to Glick's motion for partial summary judgment.

and the motion for partial summary judgment is denied in part. Progressive is required to pay 12% interest per year calculated from the date in which each HCFA-1500 bill became overdue.

An Order consistent with this Opinion is issued herewith.

BY THE COURT,



ARNOLD L. NEW, J.

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PURSUANT TO Pa.R.C.P. 236(b)

APR 14 2009

FIRST JUDICIAL DISTRICT OF PA
USER I.D. _____