

Pennsylvania Supreme Court OK's withholding workers comp benefits pending decisions on claims

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State workers compensation system insurers cannot be sued for withholding health-care benefits for work related injuries while they decide whether the treatment is reasonable and necessary, The Supreme Court said today.

The unanimous ruling in a Pennsylvania case said both public and private insurers can withhold payment while deciding on the claim.

The law expressly limits an employee's entitlement to "reasonable" and "necessary medical treatment. Chief Justice William Rehnquist wrote for the court. Injured workers "Do not have a property interest-in having their providers pay for treatment that has yet to be found reasonable and necessary.

The court added that private companies that serve as workers compensation insurers cannot be sued because they did not act in the role of the state. Only Government action, not a private citizen's act can violate someone's constitutional rights.

Pennsylvania like other state requires employers to pay for medical care for workers who suffer job-related injuries and illness, and to partially pay for lost wages, the state law requires payment for reasonable and necessary medical services.

In 1993 the state legislature responded to the rising cost of workplace injuries by allowing insurers to withhold payments for disputed medical treatment. A group of injured workers sued state officials and private insurers, saying the withholding of benefits violated their due-process rights.

A federal judge threw out the claims against the private insurers on the grounds that they were not state agencies, and said the state official's actions did not violate their due-process rights.

The 3rd US Circuit Court of Appeals reinstated the lawsuit saying, the private insurers were acting for the state.

Since the 3rd Circuit court's decision last year, Pennsylvania has changed its procedure, No benefits are withheld until an employee receives notice that a review has been requested and has a chance to submit written testimony.

The Supreme Court reversed the appeal court ruling, Rehnquist wrote that injured workers have the right to "Only reasonable and necessary medical treatment.

"The Workers" ask in this case is that insurers be required to pay for patently unreasonable, unnecessary and even fraudulent medical care without any right, under state law, to seek reimbursement from providers. A decision by private insurers to withhold payment pending review cannot be considered a state action.

The case is American Manufactures Mutual Insurance Co. V. Sullivan, 97-2000