



LEGAL ALERT

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**California Supreme Court Limits Plaintiff's Recoverable Economic Damages for Medical Expenses**

by Brendan M. Ford

In a much-anticipated decision, the California Supreme Court today resolved an issue that the California plaintiff and defense bars have been debating for more than 20 years: can a plaintiff in a civil lawsuit recover the full amount of past medical expenses that were billed by medical providers, or is the plaintiff limited to recovering the amount actually paid on his or her behalf? In a 6-1 decision, the California Supreme Court held that a plaintiff's recovery for past medical expenses is limited to the amount paid by plaintiff or his or her insurer, as opposed to the amount that may have been originally billed by the medical provider.

In *Howell v. Hamilton Meats & Provisions* (Case No. S179115), plaintiff was injured in an automobile accident. The defendant conceded both liability and the medical necessity of plaintiff's treatment, contesting only the amount of plaintiff's economic and noneconomic damages.

During trial, plaintiff provided evidence that the amount *billed* for her medical care up to the time of trial was approximately \$190,000. The jury awarded the full billed amount to plaintiff. After trial, defendant sought to reduce the award to the amount

actually paid by plaintiff or her insurer—a reduction of over \$130,000. The trial court agreed with the defendant and reduced the judgment by the amount defendant had requested. The Court of Appeal reversed the trial court, holding that the reduction violated the collateral source rule.

The California Supreme Court reversed the Court of Appeal and concluded that “an injured plaintiff whose medical expenses are paid through private insurance may recover as economic damages no more than the amounts paid by the plaintiff or his or her insurer for the medical services received or still owing at the time of trial.”

Plaintiff argued that limiting past medical expenses to the amount paid violated the collateral source rule. The court rejected this argument, recognizing that the collateral source rule “has no bearing on amounts that were included in a provider’s bill but for which the plaintiff never incurred liability because the provider, by prior agreement, accepted a lesser amount as full payment. Such sums are not damages the plaintiff would otherwise have collected from the defendant.” Although the rule is “implicated” where someone else pays a plaintiff’s bills, it is also satisfied: “Plaintiff . . . receives the benefits of the health insurance for which she paid premiums: her medical expenses have been paid per the policy, and those payments are not deducted from her tort recovery.”

The court further held that evidence of the reduction in medical expenses “is relevant to prove the plaintiff’s damages for past medical expenses and, assuming it satisfies other rules of evidence, is admissible at trial.” Notably, the court held that evidence of the higher billed amount was irrelevant “on the issue of past medical expenses,” although the court expressed “no opinion as to its relevance or admissibility on other issues, such as noneconomic damages or future medical expenses.”

The *Howell* decision resolves a key issue that routinely arises in product liability, medical malpractice and other personal injury lawsuits. While trial courts will still have to grapple with the circumstances in which the billed amount is appropriate to show to the jury—an issue the Supreme Court expressly declined to answer in *Howell*—civil litigation defendants should be pleased

with this decision.

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