

RECENT DEVELOPMENTS

INSURANCE

THE INSURANCE CODE DOES NOT CREATE A PRIVATE CAUSE OF ACTION FOR CLAIMS UNDER THE EMERGENCY CARE STATUTES

RECOVERY IN QUANTUM MERUIT CANNOT BE HAD FROM AN INSURER BASED ON SERVICES RENDERED TO AN INSURED

DOCTORS CANNOT STATE A CLAIM FOR UNFAIR SETTLEMENT PRACTICES UNDER CHAPTER 541 OF THE INSURANCE CODE

Tex. Med. Res., LLP v. Molina Healthcare of Tex., Inc., ___ S.W. 3d ___ (Tex. 2023).
<https://law.justia.com/cases/texas/supreme-court/2023/21-0291.html>

FACTS: Petitioner-Appellant, Texas Medicine Resources, LLP (“Doctors”), provided emergency care to patients insured by Respondent-Appellee, Molina Healthcare of Texas, Inc. (“Molina”). Molina, a health maintenance organization (“HMO”), reimbursed less than 15% of the Doctors’ usual and customary charges. The Doctors sued Molina under the Insurance Code, alleging Molina failed to pay the Doctors’ usual and customary rates and that Molina engaged in unfair settlement practices. They also alleged a common law claim for quantum meruit.

Molina filed a plea stating that the Emergency Care Statutes do not create a private right of action and that the Doctors’ other claims also fail as a matter of law. The trial court granted the plea and dismissed all the Doctors’ claims. The court of appeals affirmed. The Doctors appealed.

HOLDING: Affirmed.

REASONING: The Doctors argued that Section 1271.155(a) of the Insurance Code implies a claim for damages because it creates a compensation requirement and identifies the measure of compensation. The

The court rejected the Doctors’ damages claim argument, explaining the existence of a private cause of action must be clearly implied in the statutory text.

Doctors asserted that, by stating that a provider or insurer may not file suit until the conclusion of arbitration, Section 1467.085 presupposes that a right to file suit existed before the amendments. The Doctors further argued that the reference to Section 1467.004 also points to a pre-existing right to sue. The Doctors also claimed quantum meruit, claiming that Molina directly benefited through the Doctor’s treatment of their insureds. Lastly, the Doctors alleged that Molina violated Section 541.060(a) by failing to attempt in good faith to effectuate a prompt, fair, and equitable settlement of the Doctor’s claims under the Emergency Care Statutes. The Doctors argued that they have standing under Section 541.151 to sue for a violation

of Section 541.060(a) through Molina’s insured’s assignment of benefits and claims to the Doctors. The court disagreed.

The court rejected the Doctors’ damages claim argument, explaining the existence of a private cause of action must be clearly implied in the statutory text. Section 1271.155 does not clearly imply a private damages action. Furthermore, before the 2019 amendments, Chapter 1467 did not apply to claims under the Emergency Care Statutes. Thus, the Insurance Code does not create a private cause of action for claims under the Emergency Care Statutes.

Regarding the Doctors’ recovery claim, quantum meruit is inapplicable because an HMO is statutorily obligated to provide or arrange for care. The Doctors fulfilled Molina’s core statutory duty by providing emergency medical care to Molina’s enrollees. Recovery in quantum meruit cannot be had from an insurer based on services rendered to an insured because those services are not directed to or for the benefit of the insurer.

Section 541.060(a) prohibits “failing to attempt in good faith to effectuate a prompt, fair, and equitable settlement of a claim with respect to which the insurer’s liability has become reasonably clear.” Failing to attempt a good-faith settlement is only unfair with respect to claims by the insureds, not the Doctors. The Doctors alleged that Molina engaged in unfair practices with respect to claims asserted by them, and those claims are not actionable under Section 541.060(a). Claims under Chapter 541 may not be assigned by an aggrieved consumer to someone else, such as the Doctors.

PLAINTIFF DOES NOT QUALIFY AS A PREVAILING PARTY AND THEREFORE CANNOT RECOVER COURT COSTS OR ATTORNEY’S FEES UNDER TEXAS INSURANCE CODE

TEXAS SUPREME COURT LIMITS PREVAILING-PARTY STATUS TO PLAINTIFFS WHO OBTAIN A JUDGMENT FOR DAMAGES OR EQUITABLE RELIEF

Jones v. Allstate Vehicle & Prop. Ins. Co., ___ S.W.3d ___ (Tex. App.—Houston [1st Dist.] 2022).
<https://law.justia.com/cases/texas/first-court-of-appeals/2022/01-21-00162-cv.html>

FACTS: Plaintiff-Appellant Oneida Jones held a home insurance policy with Allstate Vehicle and Property Insurance Company. Jones alleged that Allstate wrongfully denied in part a claim made under the policy. Jones filed suit against Allstate, alleging breach of contract, violations of the Texas Insurance Code, and breach of the duty of good faith and fair dealing.

The jury found that Allstate failed to comply with the home insurance policy. The trial court accepted the jury’s findings on liability and damages but rendered a take-nothing judgment in Allstate’s favor. Jones appealed.

HOLDING: Affirmed.

REASONING: Jones argued that the trial court erred in not awarding her court costs and attorney’s fees in judgment because she was entitled to recover these under the Texas Insurance Code.

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The Texas Supreme Court held that a plaintiff must prove a compensable injury and secure an enforceable judgment for damages or equitable relief to qualify as a prevailing party.

The court rejected this argument by reasoning that Jones did not qualify as a prevailing party.

The court explained that favorable jury findings are not enough to make one a prevailing

party. The Texas Supreme Court held that a plaintiff must prove a compensable injury and secure an enforceable judgment for damages or equitable relief to qualify as a prevailing party. The court explained that the prevailing party is the one vindicated by the trial court's judgment, not the jury's verdict.

Jones further argued that the finding that Allstate violated the Texas Insurance Code conferred prevailing-party status on her even though she did not obtain a judgment for damages. The court rejected this argument, reasoning that Allstate paid the full amount owed to Jones under the policy before trial. Because the jury awarded a single sum for all the claims Jones proved, any violation of the Texas Insurance Code was included in this amount.