ALABAMA

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1. Does your jurisdiction maintain a collateral source rule?

Yes. Alabama recognizes the collateral source rule at common law, the substantive component of which has been modified by statute. Ala. Code § 12-21-45 modifies the substantive component of the common law collateral-source rule. See Melvin v. Loats, 23 So.3d 666, 669 (Ala.Civ.App.2009). Whereas under the common-law collateral-source rule a jury could not in any case decrease the amount of damages awarded on account of a plaintiff's receipt of third-party payments of medical and hospital expenses, under this statute, a jury can now decide, based on the unique facts of each case, whether such a reduction would be appropriate. See Senn v. Alabama Gas Corp., 619 So.2d 1320, 1325 (Ala.1993). Crocker v. Grammer, 87 So. 3d 1190, 1193 (Ala. Civ. App. 2011)

2. Does your jurisdiction allow plaintiff recovery for expenses written off by the healthcare provider?

While the jury has discretion as to whether a reduction in the amount of damages awarded is appropriate under the unique facts of each case, Alabama courts have not specifically ruled on whether a Plaintiff may recover for expenses written off by the healthcare provider. See e.g. McCormick v. Bunting, 99 So. 3d 1248, 1250-51 (Ala. Civ. App. 2012) (Because the trial court never ruled on the question of whether the Plaintiff’s medical providers discounted their bills and/or accepted as full payment for their services the amounts tendered by collateral sources, the question was not ripe for appellate review). Presumably, the plaintiff is free to introduce evidence of the gross amount of hospital bills without regard to insurance write-downs or write-offs and Defendants are free to introduce evidence of any collateral payments or write-offs for jury consideration.

3. Must a plaintiff prove medical services were reasonable or necessary in order to recover?

Yes. Under Alabama law, "[T]he general rule regarding the recovery of medical expenses, including hospital expenses resulting from personal injuries, is that a plaintiff may recover those medical expenses that are reasonable and necessary." Ex parte Hicks, 537 So. 2d 486, 489-90 (Ala. 1988). See Hodnett v. Harmon, 523 So. 2d 443, 444 (Ala. Civ. App. 1988) ("The law is well established in this state that, to recover for medical expenses, the plaintiff must prove that such expenses are reasonable."). The reasonableness and necessity of medical expenses are jury
questions—the jury is not obligated to award medical expenses simply because they were incurred. Leonard v. Steelman, 693 So. 2d 476, 477 (Ala. Civ. App. 1997).

3. Must a plaintiff guarantee reimbursement payment to a healthcare provider if a judgment is rendered or settlement achieved?

There does not appear to be any specific requirement that a plaintiff is always required to guarantee reimbursement payment to a healthcare provider; however, “upon proof by the plaintiff to the court that the plaintiff is obligated to repay the medical or hospital expenses which have been or will be paid or reimbursed, evidence relating to such reimbursement or payment shall be admissible.” Ala. Code § 12-21-45(d). Further, “the plaintiff shall be entitled to introduce evidence of the cost of obtaining reimbursement or payment of medical or hospital expenses.” Ala. Code § 12-21-45(a).

4. If an insurance carrier maintains a contractual agreement with a healthcare provider that reduces payments, what can a plaintiff “blackboard” as damages? (I.e., what effect does a pre-existing agreement between an insurance carrier and healthcare provider have on a plaintiff’s ability to recover medical bills?)

A pre-existing agreement between an insurance carrier and the Plaintiff’s medical provider does not appear to have any effect on what the Plaintiff may “blackboard” at trial. However, “evidence that the plaintiff’s medical or hospital expenses have been or will be paid or reimbursed shall be admissible as competent evidence.” Ala. Code § 12-21-45(a). Following presentation of evidence of any collateral payments or write-offs for jury consideration, it is left for the jury to make its own decision as to the effect of any payments or reduction of medical expenses. See Crocker v. Grammer, 87 So. 3d 1190, 1193 (Ala. Civ. App. 2011), citing Marsh, 782 So.2d at 233 n. 2 (noting that § 12–21–45 allows both sides an opportunity to explore the equities of reducing a personal-injury award based on third-party payments of medical and hospital expenses).

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