

*This opinion will be unpublished and
may not be cited except as provided by
Minn. Stat. § 480A.08, subd. 3 (2010).*

**STATE OF MINNESOTA
IN COURT OF APPEALS
A10-2186**

Medical Scanning Consultants, PA
d/b/a Center for Diagnostic Imaging,
Respondent,

vs.

Metropolitan Property and Casualty Insurance Company
a/k/a MetLife Auto & Home,
Appellant.

**Filed July 18, 2011
Affirmed
Stauber, Judge**

Stearns County District Court
File No. 73CV101222

Robert J. Feigh, Hailey A. Harren, Ray, Plant, Mooty, Mooty & Bennett, P.A., St. Cloud,
Minnesota (for respondent)

Curtis D. Ruwe, Beth A. Jenson Prouty, Arthur, Chapman, Kettering, Smetak & Pikala,
P.A., Minneapolis, Minnesota (for appellant)

Considered and decided by Ross, Presiding Judge; Stauber, Judge; and
Harten, Judge.*

* Retired judge of the Minnesota Court of Appeals, serving by appointment pursuant to
Minn. Const. art. VI, § 10.

UNPUBLISHED OPINION

STAUBER, Judge

Appellant-insurer challenges the district court's order to compel arbitration, arguing that (1) the language of respondent's patient-registration-information form (PRIF) did not create a valid assignment giving respondent the right to bring a direct claim against appellant and (2) Minnesota's No-Fault Act does not allow an insured to assign medical-expense claims to a medical provider. We affirm.

FACTS

Appellant Metropolitan Property and Casualty Insurance Company a/k/a MetLife Auto and Home (MetLife) issued no-fault auto insurance policies containing personal-injury-protection benefits to insureds who later received medical treatment from respondent Medical Scanning Consultants, P.A. d/b/a Center for Diagnostic Imaging (CDI). Each patient at CDI signed a PRIF. The parties dispute whether a provision in the PRIF constitutes a valid assignment of each insured patient's rights under their policy with MetLife. The pertinent provision in the PRIF states:

ASSIGNMENT OF BENEFITS

I hereby request that payment of insurance benefits be made directly to [CDI] on my behalf for any services provided to me. I acknowledge and understand that I am financially responsible for all charges relating to the service(s) rendered to me or my dependants. If, for any reason, the insurance carrier doesn't pay for any portion of the bill, I agree to make arrangements for prompt payment of the bill.

Based on this provision in the PRIF, CDI billed MetLife directly for various radiology and imaging related services that CDI had provided to each insured patient

after automobile accidents. MetLife submitted payments to CDI that did not cover the entire amount CDI billed for the services.

CDI subsequently brought suit against MetLife, asserting that MetLife erroneously short-paid CDI on claims for medical benefits, and moved to compel arbitration on the claims under the Minnesota No-Fault Act, Minn. Stat. § 65B.525 (2010). MetLife opposed CDI's motion to compel arbitration, arguing that there was no valid assignment of the insureds' claims and that the No-Fault Act does not allow policyholders to assign post-loss medical-expense claims. At the time of the hearing on CDI's motion to compel arbitration, more than half of the patients' claims had settled, with 22 claims still pending, for a total of \$6,200 and each claim being under \$1,000.

On October 15, 2010, the Stearns County district court entered a final order and judgment, granting CDI's motion to compel arbitration. The court ordered MetLife to arbitrate claims brought against it by CDI, necessarily finding that the PRIF created valid assignments to CDI from MetLife's insureds. The district court rejected appellants' arguments that the No-Fault Act precludes insureds from assigning claims to medical providers, and that CDI's arbitration of the assigned claims would not constitute "claim splitting." MetLife appeals.

D E C I S I O N

I.

Insurance-coverage issues and the interpretation of policy language are questions of law that are reviewed de novo. *Jenoff, Inc. v. N.H. Ins. Co.*, 558 N.W.2d 260, 262 (Minn. 1997). When interpreting insurance policies, this court applies general principles

of contract interpretation. *Lobeck v. State Farm Mut. Auto. Ins. Co.*, 582 N.W.2d 246, 249 (Minn. 1998). “While no particular language is required for an effective assignment, ‘an intent to transfer must be manifested and the assignor must not retain any control over the fund or any power of revocation.’” *First Nat’l Bank v. State*, 406 N.W.2d 571, 573 (Minn. App. 1987) (quoting *Guaranty State Bank of St. Paul v. Lindquist*, 304 N.W.2d 278, 281 (Minn. 1980)). The intent of the parties is determined from the plain language of the contract. *Travertine Corp. v. Lexington-Silverwood*, 683 N.W.2d 267, 271 (Minn. 2004). This court will not rewrite, modify, or limit the effect of a contract provision by a strained construction when the contractual provision is clear and unambiguous. *Id.*

Contract rights are generally assignable, “except where the assignment is (1) prohibited by statute; (2) prohibited by contract; (3) or where the contract involves a matter of personal trust or confidence.” *Id.* at 270 (footnote omitted). “A contract to pay money may be assigned by the person to whom the money is payable, unless there is something in the terms of the contract manifesting the intention of the parties that it shall not be assigned.” *Wilkie v. Becker*, 268 Minn. 262, 267, 128 N.W.2d 704, 707 (1964) (quotation omitted).¹ The Minnesota Supreme Court has said that “[a]ssignment, after loss, of the proceeds of insurance does not constitute an assignment of the policy,” but does constitute an assignment “of a claim or right of action on the policy.” *Windey v. N. Star Farmers Mut. Ins. Co.*, 231 Minn. 279, 283, 43 N.W.2d 99, 102 (1950).

MetLife argues that the language contained in CDI’s PRIF does not amount to a valid assignment. We disagree. By signing the PRIF, the insured patients assigned their

¹ MetLife does not contend that its insurance policy contains a nonassignment clause.

right to claims for post-loss proceeds under MetLife's policy. The plain language of the PRIF shows that the insureds intended to transfer their right to claims of benefits under their policy with MetLife: "I hereby request that payment of insurance benefits be made directly to [CDI], on my behalf for any services provided to me." Under the applicable caselaw, once loss occurs, insureds may validly assign their claims of loss to another. The insurer is obligated to cover the loss, regardless of whether the originally insured party or another is asserting the claim.

II.

MetLife next argues that even if this court determines that the insureds validly assigned claims to CDI, Minnesota's No-Fault Act still does not allow an insured to assign medical-expense claims to a medical provider.

As a general rule, insured patients have the ability to assign post-loss proceeds claims to providers. *See Windey*, 231 Minn. at 283, 43 N.W.2d at 102. In the context of insurance proceeds and auto glass vendors, the supreme court has stated that policyholders may assign their post-loss proceeds claims to auto-glass repair companies if the insurance company fails to fully compensate the repair company. *Star Windshield Repair, Inc. v. Western Nat'l Ins. Co.*, 768 N.W.2d 346, 350 (Minn. 2009). "Allowing auto glass vendors to arbitrate shortpay claims does not increase the insurers' risk of loss, and . . . does not affect the bargain struck between the insurer and the insured." *Id.* at 350 n6; *see also R.L. Vallee, Inc. v. Am. Int'l Specialty Lines Ins. Co.*, 431 F. Supp. 2d 428, 435 (D. Vt. 2006) ("[O]nce the loss occurs, the insurer is obligated to cover the loss agreed to under the terms of the policy. This obligation is not altered when the claimant

is not the party who was originally insured”). But MetLife argues that *Star Windshield* is not determinative of this case because “Minnesota’s statutory compensation scheme for auto-glass and medical providers is not the same.”

In *Star Windshield*, the supreme court determined that claims for insurance proceeds can be assigned to auto glass vendors regardless of whether an insurance policy contains an anti-assignment provision, and that the claims are subject to no-fault arbitration after assignment. *Id.* The supreme court’s decision was in part based on the extensive statutory framework regulating auto glass insurance policies. *Id.* at 349–50. The court concluded that because the legislature has “spoken so extensively” about and has “paid particular attention to the relationship between insurers and auto glass vendors,” the legislature intended to exclude the policyholder from the payment process for auto glass claims and intended for “auto glass vendors to be able to arbitrate their shortpay claims against insurers.” *Id.* at 349–50.

While there is no similar statutory scheme for medical services to insured persons, the auto glass repair caselaw is still analogous. Under the No-Fault Act, insurers are required to “reimburse all reasonable expenses for necessary: (1) medical, surgical, x-ray, optical, dental, chiropractic, and rehabilitative services.” Minn. Stat. § 65B.44, subd. 2 (1) (2010). Medical providers bill insurance companies directly for services provided. The PRIF signed by the insureds in this case expressly states that the insureds authorized payments to be made directly to CDI. Thus, if an insurance company chooses to short-pay, it will be the provider who will be short-paid and not the insured. Therefore, as the district court held, “[l]ogically, it would follow that medical providers should be allowed

to compel arbitration in the same vein as auto-glass repair companies.” The statement in the PRIF that the insured remains financially responsible for the provider’s services merely preserves the provider’s right to collect from a patient if collecting from the insurance company (a process that may include arbitration) fails.

Guzhagin v. State Farm Mut. Auto. Ins. Co., 566 F. Supp. 2d 962 (D. Minn. 2008) is also instructive here. As in this case, in *Guzhagin* it was the health-care providers who were the plaintiffs, alleging that State Farm, the insurer, had breached its individual contracts with its insureds by not reimbursing *the health-care providers* for their services. *Guzhagin*, 566 F. Supp. 2d at 965–66. The federal district court concluded that such a claim was subject to mandatory arbitration under the Minnesota No-Fault Act. *Id.* at 967.

Citing to *Charboneau v. Am. Fam. Ins. Co.*, 481 N.W.2d 19 (Minn. 1992), MetLife argues that an insured cannot assign claims for post-loss medical benefits because that would result in impermissible claim splitting under the No-Fault Act. But the facts of this case are distinguishable from those in *Charboneau*, in which one claimant filed two separate petitions for arbitration; the first petition claimed \$548 for medical expenses, and the second claimed \$5,000 for wage loss. *Id.* at 20. By bringing two separate actions, the claimant sought to avoid waiving \$548 to bring the claim within the allowable amount for arbitration (then \$5,000). *Id.* at 21. The supreme court concluded that claimants cannot manipulate the system in this way because it is “beyond what seems fair.” *Id.* “Without splitting, a claimant who prefers arbitration to a district court action must file a petition to arbitrate before medical expenses and wage loss

exceed [the statutory amount for arbitration], or otherwise waive that portion of the no-fault claim over the jurisdictional limit at the time the petition is filed.” *Id.*

By arguing that *Charboneau* applies here, MetLife appears to rely on facts that simply do not exist in this case. The parties do not dispute that each individual claim is less than \$1,000, and that the aggregate total is \$6,200, far less than the statutory maximum for arbitration of \$10,000. No facts are presented here to show that the claimants sought to “split” their claims in order to avoid district court, or to aggregate their claims to avoid arbitration. Furthermore, under the No-Fault Act, “[b]asic economic loss benefits are payable monthly as loss accrues. Loss accrues not when injury occurs, but as income loss . . . or medical . . . expense is incurred.” Minn. Stat. § 65B.54, subd. 1 (2010). And Rule 6 of the Minnesota No-Fault, Comprehensive or Collisions Damage Automobile Insurance Arbitration Rules (CDAIA) states that

mandatory arbitration applies to all claims for no-fault benefits or comprehensive or collision damage coverage where the total amount of the claim, at the commencement of arbitration, is in an amount of \$10,000.00 or less. *In cases where the amount of the claim continues to accrue after the petition is filed, the arbitrator shall have jurisdiction to determine all amounts claimed including those in excess of \$10,000.00.*

Minn. R. No-Fault Arb. 6 (emphasis added). Additionally, a claimant may waive a portion of the claim in order to come within the \$10,000 jurisdictional limit. *Id.*

Finally, MetLife argues that CDI does not have standing to bring a claim for medical payments because it is not a “claimant” as defined by the CDAIA. The policy statement of the Minnesota No-Fault Standing Committee states that, “[f]or purposes of

the administration of the [CDAIA],” the word “claimant” means “an insured under a policy of no-fault automobile insurance. Claims for economic loss benefits can be made only by the insured.” But assignments allow an assignee to “step into the shoes” of an assignor. *See Illinois Farmers Ins. Co. v. Glass Service Co.*, 683 N.W.2d 792, 803 (Minn. 2004). Thus, the assignee has the same legal rights as the assignor had before the assignment. *Id.* CDI has proper standing as a claimant in this case.

Affirmed.