

***Gist v. Atlas Staffing, Inc.*, A17-0819 (Minn. Apr. 4, 2018)**

In this case, the Employee worked for Atlas Staffing, and was consistently exposed to silica sand. After he left his employment, he began treating roughly one month later for kidney failure. He was diagnosed with end stage renal disease. He eventually filed a Claim Petition seeking benefits from the Employer and Insurer. Fresenius Medical Care, a clinic which provided medical care to the Employee, intervened seeking reimbursement for the difference between the treatment costs it had billed to Medicaid and Medicare and what it was actually paid. Approximately 1.5 million dollars in medical bills were at issue. The matter proceeded to a Hearing, where the compensation judge held that the silica exposure was a substantial contributing factor to the Employee's condition and that the judge lacked jurisdiction to interpret Medicaid and Medicare laws. The Employer and Insurer were ordered to pay Fresenius in accordance with other state and federal laws.

The Employer and Insurer appealed the decision to the WCCA, which largely affirmed the compensation judge's decisions. Notably, the WCCA concluded that the compensation judge properly rejected the Employer and Insurer's argument that a medical provider that accepts payments from Medicaid and Medicare is barred from receiving workers' compensation payments.

The Employer and Insurer appealed the decision to the Minnesota Supreme Court on five separate issues. The Supreme Court affirmed the compensation judge's decision regarding liability for the injury itself. They held that the compensation judge had adequate medical evidence to conclude that the silica had led to the Employee's kidney failure. A large portion of the opinion was devoted to the Medicaid and Medicare issue. The Court ultimately rejected the contention offered by Fresenius that the "*Spaeth*-balance" rule be extended to the Medicaid context. Under the *Spaeth* rule, a treatment provider is still entitled to payment from a liable employer/insurer even if the provider has received partial payment from a third party, such as a private insurance company. Furthermore, the Supreme Court interpreted the plain language of 42 C.F.R. § 447.15, and concluded that when a medical provider bills services to Medicaid and accepts Medicaid payment for those services, it accepts the amount paid as "payment in full." Therefore, by accepting those payments, the provider is then barred from recovering any additional amounts for those services from a liable employer.

This decision will be important for employers and insurers to take note of, as it limits liability exposure when dealing with medical providers who have received partial payment from Medicaid or Medicare.

Summary by: Parker T. Olson