

Appellate Court Rules Medical Providers Cannot Revoke Assignments During No-Fault Litigation

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Michigan No-Fault insurers should take note of the June 22 published decision by the Michigan Court of Appeals in the important case of *Wallace, et al v Suburban Mobility Authority for Regional Transportation (SMART), et al*.

The case is significant to No-Fault insurers because it provides a strong defense pursuant to the one-year-back rule in the event medical providers attempt to revoke assignments during an insured's lawsuit in an attempt to save otherwise statutorily barred claims by giving them back to the patient.

In *Wallace*, the plaintiff filed suit on May 27, 2020 seeking payment of allowable expenses, including bills from C-Spine Ortho, Sierra Surgical, Select Specialists, and Baz Eagle Transportation. SMART moved for partial summary disposition regarding the providers' bills, arguing that the patient could not pursue them because she had assigned her rights with respect to those bills to the providers. Two years after litigation was commenced, and after the first hearing regarding SMART's motion, the plaintiff obtained revocations of assignments from the above-mentioned providers. At that point, the providers would have been time-barred from bringing direct actions pursuant to the assignments.

Importantly, the appellate court determined that the assignments for the mentioned providers were executed between October 2019 and January 2020, and at that time the providers became the real parties of interest for the claimed benefits. When the assignment revocations occurred in January 2022, the providers no longer had valid claims for benefits by operation of the one year back rule. Therefore, it was determined that the trial court erred by denying the No-Fault insurer's motion for partial summary disposition and the matter was remanded for entry of summary disposition with respect to the providers' bills.

This is an extremely important case because this issue arises often in litigation. It remains important to remain cognizant of when an insured has assigned the rights to pursue any part of the claim. This case can be used to preclude insureds from pursuing providers claims when the providers issue untimely revocations of assignments.