

Appeals court: Meadowlands Hospital's \$26.3 million suit against insurer can proceed

Tom Nobile, North Jersey Record Published 5:30 a.m. ET Aug 9, 2018



(Photo: NorthJersey.com File Photo)

The state Appellate Division has revived a lawsuit in which Meadowlands Hospital Medical Center seeks to recover more than \$26 million in unpaid Medicare and Medicaid payouts that it says it is owed by a New York insurance company and its New Jersey subsidiaries.

Meadowlands accused the insurance company, HealthFirst, of paying out just \$2.5 million of the nearly \$29 million it owed for invoices that the hospital submitted between 2010 and 2013, leaving an unpaid balance of \$26.3 million.

A Superior Court judge in Hackensack dismissed the hospital's suit in 2015 because Meadowlands supposedly failed to prove that it had exhausted its administrative remedies for collecting the payments. But on Friday, a three-judge panel reversed the ruling, arguing that the burden should have been on insurers to prove the hospital hadn't exhausted all its options.

"The court erred by shifting the burden onto plaintiff instead of requiring defendants to demonstrate that plaintiff had not exhausted its administrative remedies," according to the appellate decision.

ADVERTISEMENT

Ad

Striving For Justice Everyday



Caesar and Napoli, P.C.



VISIT SITE

The case is now headed back to Superior Court for judgment. HealthFirst has yet to file an answer to the decision, according to Eric Katz, an attorney for Meadowlands.

"It was the correct decision," Katz said. "We believe the hospital was grossly underpaid for its services."

HealthFirst and its attorneys did not respond to requests for comment.

Meadowlands, based in Secaucus, filed the suit in September 2013, alleging that HealthFirst "refused and neglected" to process claims for Medicare and Medicaid enrollees in order to coerce the hospital into joining the insurer's network, according to the decision.

The hospital did not have a contract with HealthFirst, and instead "was entitled to have its claims processed promptly according to state and federal statutes and regulatory law," the decision stated.

The delinquency in payments placed a heavy financial burden on the hospital, Katz said.

Archives: [State approves Secaucus hospital sale — a 'new day' for Meadowlands? \(/story/news/health/2017/12/19/state-oks-hospital-sale-new-day-meadowlands/961150001/\)](#)

More: [Judge says Meadowlands Hospital repeatedly violated union's contract \(/story/news/2016/09/23/judge-says-meadowlands-hospital-repeatedly-violated-unions-contract/93020556/\)](#)

More: [\\$12M bid to buy Secaucus hospital \(/story/news/2016/09/02/12m-bid-to-buy-secaucus-hospital/92991454/\)](#)

"Without appropriate cash flow, it makes it difficult to ensure that you're adequately staffed and supplied," he said.

HealthFirst responded by claiming that Meadowlands had "deliberately abandoned" the state's internal appeal process for claims disputes and had prematurely sought a judgment in court, according to the decision.

The hospital, however, asserted that the claims were impossible to appeal because HealthFirst allegedly used automated systems to place the claims in a "state of suspense" before they could be processed, the decision stated.

For years, since 2013, the case ricocheted between federal and state court in what Katz called a "procedural dance." HealthFirst took the case to federal court on a motion to dismiss, alleging the hospital had failed to state a legitimate claim for relief. A U.S. District Court judge agreed, ruling that Meadowlands had failed to prove that it had exhausted administrative remedies before bringing the suit.

The suit was later reinstated by the 3rd U.S. Circuit Court of Appeals in Philadelphia and transferred back to Superior Court in Hackensack, where a judge dismissed the case for the same reasons laid forth in district court.

The Appellate Division, however, ruled that a motion to dismiss should be granted only "in the rarest of circumstances."

"On a motion to dismiss, a plaintiff need not prove the case, but need only 'make allegations, which, if proven, would constitute a valid cause of action,'" the decision states, citing an Appellate Division case from 2011.

Read or Share this story: <https://njersy.co/2vRhc0t>