

Fraud Coalition Urges Texas High Court to Let Insurers Prove Fraud

By: Coalition Against Insurance Fraud

Allowing medical providers to hide false claims amid treatment for crash injuries will encourage scams and could discourage insurers from writing business in Texas, the Coalition Against Insurance Fraud said in an amicus brief filed this week with the state Supreme Court.

“Medical providers will remain unjustly enriched and costs will be shifted to not only insurers, but those least-equipped to bear them: policyholders and claimants,” the Coalition stated in a brief filed in the case of *Allstate v. Rehab Alliance*.

The insurer alleges Houston-based Rehab Alliance recruited legitimate crash victims for false injury treatment. The clinic upcoded treatment, billed doctor rates for work by nurses, and performed unneeded treatment such as MRIs, the insurer asserts. Patients also were secretly told they weren’t financially liable for uninsured treatment, Allstate says.

The insurer paid 107 claims and sued to recover after discovering evidence of fraud. A lower court granted Rehab Alliance summary judgement. Allstate appealed to the Texas Supreme Court.

Rehab Alliance is the changing face of bogus crash-treatment claims, the Coalition said in urging the Supreme Court to send the case back for rehearing by the lower court.

The clinic camouflaged false treatment claims involving legitimate crash injuries. Unlike staged wrecks with fake injuries, this sophisticated disguise makes it daunting to clearly separate bogus from necessary treatment claims.

“The fact that fraud in a particular claim is difficult to detect or quantify does not mean it should be allowed to be perpetuated. The result would be rewarding and encouraging agents of fraud,” the Coalition stated.

Insurers need access to civil courts and the ability to sue fraudsters. Allowing camouflaged injury claims burdens insurers with higher costs that raise premiums. Medical care and the ability of insurers to promptly settle claims will suffer as well.

“If this opportunity to help reverse the tide of soft fraud by medical practitioners is not taken, this kind of fraud will continue to occur. Further, the amount paid for fraudulent claims will increase,” the Coalition said.

Texas will become a haven for such schemes, potentially driving insurers out of the state. Patient care also could suffer from bogus treatment unrelated to healing their crash injuries.

“If Texas cannot provide assurance to insurers and policyholders they are willing to take an effective stance against fraud, insurers become dis-incentivized to maintain large presences in the state, deploy effective anti-fraud measures there and, perhaps, even continue doing business there,” the Coalition stated.