

December 29, 2010

## **Medical Insurance Subrogation Interests in New Mexico Personal Injury Cases**

Many with personal injury claims are very surprised to learn that their medical insurance carrier has asserted a subrogation interest in their personal injury settlement or judgment.

Personal injury victims often are frustrated that they have paid medical insurance premiums for years and now they must reimburse their insurance company for medical benefits related to their injuries. The frustration is understandable but is based on a misunderstanding of the basis for the claimed interest.

In essence, the insurer is asserting a claim against the party responsible for the injuries. The medical carrier is entitled to recover from the person or entity causing the injuries for which medical benefits are necessary. It is really the party responsible for the injuries that is repaying the medical bills. The injured party is really just a conduit through which the bills are reimbursed.

For many, this explanation does little to lessen the frustration. An example can more clearly illustrate the principles of medical insurance subrogation. If a person is injured and requires medical coverage, the medical provider must provide the medical benefits pursuant to the insurance policy. In most cases of injury, there is not a third party to sue. After all, many people are injured through no fault but their. Just as common, there is a third party that caused the injuries who lacks insurance or financial resources to compensate for the injuries.

In these cases, an injured person would owe their insurance company no reimbursement for medical benefits associated with their injuries. However, if there is third party that has insurance or other financial resources to compensate for the injuries, then the insurance company is entitled to recover for medical benefits under the insurance contract. In fact, this is written into every medical insurance policy.

Any settlement or judgment will reflect the medical insurer's lien. In other words, the value of the settlement or judgment accounts for the medical costs and any associated liens. The result is that the settlement or judgment will be considerably higher than the medical costs.

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The total settlement or verdict should factor in the medical costs along with all other recoverable damages for injuries suffered in the accident. The goal is to achieve a settlement or judgment that fully compensates the personal injury victim above and beyond the medical costs.

Once personal injury victims understand the basis and rationale for the insurance company's subrogation interest, most can accept the responsibility for repayment of the lien. In those rare cases where an injured person refuses to reimburse the medical insurance carrier that has asserted an interest, they may be facing a lawsuit by the medical carrier for the full value of the lien.

This is a bad spot to be in since most insurance carrier's will reduce their lien even beyond the legally required reduction for attorney's fees if the lien reduction is negotiated in advance of settlement. Most are not as open to negotiation after the fact.

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