

Appellate Division Rejects Medical Providers Application For Additional Payments on Jurisdictional Grounds

In two separate cases, the Appellate Division has made it clear that the provision of medical treatment in the State of New Jersey alone is insufficient to establish jurisdiction for a medical fee dispute filed by the providers. The facts in each case are remarkably similar but for the contacts established almost exclusively in Pennsylvania (Anesthesia Associates of Morristown, PA (AAM) v. Weinstein Supply Corporation) and New York (Surgicare of Jersey City (SJC) v. Waldbaums). These cases were consolidated for decision on October 7, 2020.

In both cases, the Appellate Division was asked to determine whether the New Jersey medical providers can file an independent claim under the Workers' Compensation Act to recover payment for their services when the employees lived, worked and were injured outside of New Jersey. In the underlying decisions, both workers' compensation judges dismissed the Medical Provider Applications (MPA) concluding that they could not maintain an action in New Jersey. In an unpublished decision, the Appellate Division addressed both claims, affirmed each judge's decision, and denied that there was any jurisdiction available for the providers.

In the claim filed by AAM, the petitioner was injured in Pennsylvania, was a Pennsylvania resident, and the employer was based in Pennsylvania. Apparently, due to the petitioner's residential proximity to New Jersey, he underwent hospital services in New Jersey on March 22, 2018. AAM submitted a claim to the Pennsylvania Department of Labor and Industry and received a payment under that fee schedule. They did not challenge the award but instead initiated a MPA with New Jersey seeking additional payment for their services. There was no pending workers' compensation claim filed in New Jersey by the petitioner.

In dismissing the MPA, the judge of compensation noted that while the Workers' Compensation Court has exclusive jurisdiction for any medical fee disputes, the fee dispute itself must be based upon a claim that is compensable under the laws of New Jersey. In fact, the only connection to New Jersey was that the petitioner underwent a one day medical treatment with AAM in New Jersey.

The Court then addressed the SJC claim and noted very similar facts but for the petitioner's residence in New York, being hired in New York and injured in New York. There was a dispute with respect to whether the injured worker was entitled to surgery and the New York Workers' Compensation Board determined that the employer was responsible for surgical services. That surgery was performed in New Jersey with a bill for \$252,900.00 and a payment of \$20,085.28. The workers' compensation judge dismissed the MPA in New Jersey, noting that the single contact with New Jersey, namely the one day of treatment, did not rise to the standard of sufficient purposeful contacts required to vest jurisdiction with the New Jersey Court.

On appeal, the Appellate Division noted that the statute was amended in 2012 to vest exclusive jurisdiction regarding medical fee disputes with the workers' compensation courts. Despite that authority, the Appellate Court noted that the amendment did not confer jurisdiction to hear those disputes where the Division does not have jurisdiction over the employee's related claim. The Court stated, "Unless the Division has jurisdiction over the underlying claim for a compensable work related injury, it does not have jurisdiction over an MPA for payment." To determine whether the Court has jurisdiction, it must apply the factors noted in Justice Larson's Treatise (Larson's Workers' Compensation Law):

1. Place where the injury occurred;
2. Place of making contract;
3. Place where the employment relation exists or is carried out;

4. Place where the industry is localized;
5. Place where the employee resides; or
6. Place whose statute the parties expressly adopted by contract.

The Court also rejected the providers' contention that the cases should be adjudicated based upon contract breach. The Court found insufficient evidence for this proposition to be accepted between the parties. Rather, the employer's liability for the medical bills was only by virtue of the application of the workers' compensation statute.

Comment: While these decisions are certainly favorable, the facts were also extremely favorable for the employers. In neither case did the injured worker live in New Jersey, and their employment and injuries were all based out of state. If the facts were changed even minimally, there could be a different result. Jurisdiction does not lie in New Jersey simply based upon the petitioner's residence in the state; however, an argument could be made that living in New Jersey would distinguish the facts from these decisions and confer jurisdiction for a medical fee dispute. Residence alone would be insufficient to confer jurisdiction in the underlying claim. Therefore, that type of claim should be dismissed as well. We are hopeful in the future, the Court will conclude (without applying all six Larson factors) that if the underlying claim does not have jurisdiction in New Jersey, if filed by the injured worker, then the medical provider also does not have jurisdiction.