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Case Study: Michael King v. Carol Willmet

This case arises out of an automobile collision wherein a rear-ended driver brought a negligence lawsuit against the rear-ending driver for damages sustained in the collision.

Following trial and a jury verdict in favor of the plaintiff, the trial court reduced the jury's award of past medical expense damages from the amount billed by plaintiff's health care providers to the dollar amount ultimately paid by plaintiff's private health insurance to his health care providers. The plaintiff appealed the reduction, contending that the trial court violated the "collateral source rule" by reducing the jury's award of past medical expense damages from the amount billed by plaintiff's health care providers to the cash amount paid by plaintiff's private health insurance that was accepted by the providers as payment in full.

The doctrine known as the "collateral source rule" provides that if an injured party receives some compensation for his injuries from a source wholly independent of the defendant, such payment should not be deducted from the damages which the plaintiff would otherwise collect from the defendant. California has adopted the collateral source rule, which includes the closely related principle that, "jurors should not be told that plaintiff can recover compensation from a collateral source," or in other words, a source other than defendant.

In this case the Appeals court primarily considered whether, in a negligence action against a private individual, the often implemented practice of reducing a plaintiff's award of past medical expense damages to the dollar amount ultimately paid by the plaintiff's private health insurance to his health care providers is appropriate under the collateral source rule.

The court first found that the public policy of the state of California, as declared by the Supreme Court, has long favored the collateral source rule. Moreover, the California Legislature has only limited the application of the rule in two narrow circumstances (*e.g.*, in actions for professional negligence against health care providers and actions against public entities for personal injury or wrongful death.)

The court reasoned that the existence and nature of these two specific exceptions to the collateral source rule strongly suggests that it should not imply or presume other exceptions to the rule. Therefore, the court found that, normally under the collateral source rule, the trial court should not reduce a jury's award of damages to reflect collateral source payments.

Thus, in light of the public policy considerations, the Court concluded that reduction of damages in this case was inappropriate, and that the trial court erred in reducing the award here.