

## Who Pays Medical Bills After a Car Accident in Washington State?

### Part I. How PIP, Private Health Insurance, Medicaid, Medicare, and Workers' Compensation (Benefits Paid Through L&I) Typically Work

After a car accident in Washington, medical bills can become an immediate problem. You may need help paying your bills long before your personal injury claim is resolved. The at-fault driver's liability insurer usually does not pay medical providers as treatment occurs. In most cases, liability coverage pays later, through settlement or judgment, after fault, causation, damages, and available insurance coverage are evaluated and the claim is resolved.

This process can take a long time, which in turn creates a practical and often stressful question for the injured victim: who pays for my care while the claim is still pending? Depending on the circumstances, accident-related medical bills may be paid through personal injury protection (PIP), private health insurance, Medicare, Medicaid, or workers' compensation benefits (in the State of Washington, workers' compensation benefits are generally administered by the Washington Department of Labor and Industries or a self-insured employer). Each payment source has its own rules, limits, coordination requirements, and potential effect on the injury claim.

In Part I of this series on who pays medical bills after a crash, our [Vancouver auto accident lawyer](#) explains how these first-party payment sources commonly work in Washington car accident cases. Part II addresses what can happen later, when a payer that covered accident-related bills seeks reimbursement from a settlement or judgment.

#### Starting Point: Identifying Options to Pay Medical Bills Now

If you were hurt in a crash, you may have medical needs long before your claim is ready to be resolved. One early question after a Washington car accident is not necessarily who caused the crash, but who will pay the medical bills while the injury claim is still pending. The at-fault driver's liability insurer usually does not pay medical providers as treatment occurs. Liability coverage typically pays later, through settlement or judgment, after fault, causation, damages, and available coverages are evaluated.

Depending on the facts, the amount of time it takes for a personal injury claim to fully resolve may take months or even years. Generally speaking, medical bills get paid following an accident through personal injury protection (PIP) benefits, private health insurance, Medicare, Medicaid, or workers' compensation. Each source has its own eligibility rules, payment rules, and reimbursement rights. The order in which these sources pay bills can also matter because using the wrong payer, delaying notice, or ignoring coordination requirements can create challenges for your claim later on. A Vancouver auto accident lawyer can help you navigate all available sources of insurance coverage and medical benefits and help make sure your bills are paid timely and in the proper order.

**Note:** Unique issues arise in work-related car accident claims. If you were performing job duties and considered "on the job" at the time of the collision, who pays your medical bills may be subject to Washington State's workers' compensation statutes, in which case benefits may be paid by either the Dept. of Labor and Industries (or "L&I") or your self-insured employer. Some examples of job-related car accidents include drivers who make deliveries (such as UPS and FedEx), traveling between job sites, bus drivers, cab drivers, and others who are performing a task for an employer when the accident occurs. When this occurs, you may be able to recover additional money by pursuing a personal injury claim.

## **Understanding Common Sources of First-Party Benefits**

A practical issue that car accident victims often encounter, including here in Vancouver, is identifying benefits that pay medical bills now, not months later when their injury claim eventually resolves. Such benefits are generally available through what is called first-party coverage (i.e. insurance coverage that insures you). Several kinds of first-party coverage exist, including PIP, private health insurance, Medicare, Medicaid, and even workers' compensation. To make the matter even more complicated, the same medical bill may implicate more than one payer. That is why understanding the different coverages, how they apply, and sorting out the correct order matters. Here is an overview of common sources of first-party benefits after a car crash in Vancouver:

- **Personal Injury Protection (PIP):** Washington does not require drivers to carry PIP. With that being said, auto insurers must offer minimum PIP coverage, including at least \$10,000 in medical and hospital benefits, \$2,000 in funeral expense benefits, \$10,000 in income continuation benefits, and \$5,000 in loss-of-services benefits. A named insured can reject PIP, but the rejection must be in writing to be valid. PIP may be the most important early payment source after a crash because it can apply without waiting for any decision on liability. PIP is considered no-fault coverage, so it doesn't matter who caused the accident. What matters is the treatment is covered, accident-related, reasonable, necessary, and obtained within three years. PIP is also going to be primary in most situations, meaning they pay bills first before anyone else.
- **Private Health Insurance:** If you have private health insurance, that is often going to be the next place to find coverage. Such coverage is often used to pay for accident-related medical bills when PIP is exhausted or unavailable. The practical value can be significant because health plans often pay negotiated rates that are lower than the full billed charges. The details of this arrangement can vary, and your duties as an insured member rely heavily on the health contract you signed and/or plan language. An employer-sponsored [Employee Retirement Income Security Act \(ERISA\)](#) plan, an individual health plan, and a union or government plan may also have different coordination-of-benefits rules and different reimbursement language. Some plans require notice when another party may be responsible for the injury. Some assert a

contractual right to reimbursement from a later personal injury recovery. Others may have more limited rights depending on plan language and applicable law.

- **Medicare Coverage:** When someone is a Medicare beneficiary, or Medicare eligible, these instances require special attention because federal Medicare Secondary Payer rules can apply when medical treatment is related to a liability, no-fault, or workers' compensation claim. [Centers for Medicare and Medicaid Services \(CMS\)](#) explains that Medicare may make conditional payments for services that another payer may be responsible for covering. Those payments are "conditional" because Medicare must be repaid when a settlement, judgment, award, or other payment is made. Accident-related claims involving liability insurance, no-fault insurance, or workers' compensation should be handled through the Medicare recovery process. These rules are very strict and must be followed by federal law.
- **Medicaid Coverage:** In Washington, Medicaid is generally administered through Apple Health (also commonly referred to as Molina). If an injured victim has no PIP, or PIP has been exhausted, and they have no private health insurance, State-funded Medicaid benefits may be an important payment source for accident-related care for those who qualify. When Apple Health pays for treatment connected to an injury claim, the Washington Health Care Authority asserts a recovery interest against the settlement or judgment connected to the same injury. That does not mean the agency can automatically take the entire settlement. The recovery analysis considers multiple factors including the amount paid, the portion of the settlement attributable to medical expenses, procurement costs, hardship issues, and other statutory or administrative limits. HCA explains that Apple Health is the payer of last resort and that HCA must seek reimbursement for claims paid on behalf of Apple Health clients injured by a third party.
- **Workers' Comp Benefits (L&I):** If the crash happened while the injured victim was performing job duties for a Washington-based employer and considered "on the job" at the time of the injury, Washington State's workers' compensation laws may be the primary system for obtaining medical treatment and wage-loss benefits. Common examples of injured drivers who find themselves in this situation may include a trucker, delivery driver, a worker traveling between job sites, or an employee driving for a work assignment. Such claims may be handled through L&I or through a self-insured employer. Note: Workers' compensation is a no-fault system, meaning benefits are available to injured workers regardless of how the accident occurred or who is responsible. If there is someone else responsible for causing or contributing to the accident, then the injured worker may also seek to obtain additional compensation by making a personal injury claim, which is commonly referred to as a "third party claim."

## Why L&I Cases Are Different From Other Car Accident Cases

A Washington car accident injury claim changes in important ways when the victim was working at the time of the crash. In that situation, there may be two related but legally separate claims: a workers' compensation claim through L&I or a self-insured employer, and a third-party personal injury claim against the at-fault driver (and others responsible for causing and/or contributing to the accident). Even though such claims both arise from the same collision, they do not follow the same rules.

The first major difference is fault. Washington workers' compensation benefits do not require the injured worker to prove that someone else caused the crash. The key question is whether the injury is covered by [Washington's Industrial Insurance Act](#), including whether the injured worker was acting in the course of employment when the collision occurred (and considered "on the job"). If the claim is covered, the injured worker may receive medical treatment and wage-loss benefits even before they attempt to recover money from others, such as by pursuing personal injury liability claim against the at-fault driver.

A third-party personal injury claim works differently. To recover from the at-fault driver or their liability insurer, the injured victim must prove liability, causation, and damages. These are the basic elements of a negligence claim. Such a claim may include compensation for losses that workers' compensation does not fully cover, including 100% of lost wages and future earning-capacity damages as well as noneconomic damages (e.g. pain, suffering, disability, inconvenience, and loss of enjoyment of life). These additional damages, when available, can make the third-party claim extremely beneficial, even when L&I or a self-insured employer is already paying benefits.

These two different types of claims also interact at settlement. If a person other than the employer or a co-worker caused the work-related crash, Washington law may allow a third-party action, but any recovery must be distributed under Washington's workers' compensation reimbursement statute. [RCW 51.24.060](#) gives L&I or the self-insured employer a lien and sets out the distribution formula, including attorney fees, costs, reimbursement for benefits paid, and the worker's remaining recovery. The statute can also affect future workers' compensation benefits after settlement.

**A Note on Pain and Suffering and Work-Related Car Crashes:** Pain and suffering damages require special attention in Washington L&I third-party settlements. In [Tobin v. Department of Labor & Industries](#), the Washington Supreme Court addressed whether L&I could include settlement funds allocated to pain and suffering in its statutory distribution calculation. The court held that settlement funds properly allocated to pain and suffering are not subject to L&I's reimbursement calculation. Later Washington cases have treated that rule carefully, especially when the settlement does not allocate any specific amount to pain and suffering.

## Practical Takeaways on “Who Pays” for Car Accident Medical Bills in Washington

Who is going to pay the initial medical bills in your car accident injury case in Vancouver? The reality is that every Washington car accident case has its own coverage facts. There is no one-size-fits-all answer. The specific circumstances always matter. At the same time, there are some practical rules that you should keep in mind when navigating the claims process:

1. **PIP Usually Comes First (But Only if it Exists and Applies):** If there is PIP coverage available to you, that is often the place to start. When PIP applies, it can pay covered accident-related medical bills without waiting for a fault decision, subject to the policy limits and the requirement that the treatment be reasonable, necessary, related to the crash, and timely. PIP is by no means unlimited coverage. Most policies carry between \$10,000 and \$35,000 in medical benefits. However, these benefits can be extremely helpful to injury victims who are faced with paying bills immediately after an accident.
2. **Private Health Insurance May Help After PIP (Plan Terms Control):** Private health insurance may pay accident-related medical bills when PIP is unavailable, exhausted, denied, or when it simply does not pay enough to cover treatment. Your health plan may require use of in-network providers, prior authorization, deductibles, copays, and coordination with other available coverage. Many plans also assert reimbursement or subrogation rights if the injured victim later obtains a personal injury settlement.
3. **Apple Health Can Also Pay for Care, Similar to Private Health Insurance, but with Some Additional Restrictions:** Washington Apple Health may provide coverage if the injured victim qualifies and the provider accepts Medicaid. Apple Health is generally a payer of last resort and is not available to everyone. Further, the Washington Health Care Authority may assert a recovery interest when Medicaid pays medical bills connected to a claim, similar to how the subrogation process works for other types of insurance. An injured victim or their legal representative may also have notice obligations when pursuing a third-party claim, settlement, or recovery.
4. **Medicare Has Mandatory Secondary-Payer and Recovery Rules:** If the injured victim is a Medicare beneficiary, Medicare may make conditional payments for accident-related care when another primary payer does not pay. Such payments must be identified and addressed through the Medicare recovery process. By law, if you recover money in a personal injury case and you are also a Medicare beneficiary or Medicare eligible, you must report the recovery to the Centers for Medicare & Medicaid Services (CMS) and, if applicable, reimburse benefits paid on your behalf.
5. **Work-Related Crashes Usually Start With an L&I Claim:** If the crash is covered by Washington workers’ compensation statutes, L&I or a self-insured employer is generally going to be required to pay for medical treatment and wage-loss benefits regardless of who caused the collision. Common examples include situations where the injured victim

was driving for work, making deliveries, traveling between job sites, or performing another job duty at the time of the crash.

### **Talk to a Vancouver Car Accident Lawyer About Medical Bills Today**

If you were injured in a car accident in Washington and you are unsure how the medical bills should be handled, it is worth consulting with an attorney and getting clarity early on in the process. Medical billing decisions, insurance coordination, and reimbursement claims can shape the entire case, including what a settlement or judgment in your favor can realistically accomplish.

At [The Scott Law Firm, PLLC](#), we help injured people in Vancouver and across Southwest Washington understand how these issues may apply to their situation, including how PIP, private health insurance, Medicaid, Medicare, and/or L&I benefits can benefit someone after an accident. If you have questions and want answers, [contact our office](#) for a free consultation.

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