# Supreme Court of Florida

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No. SC17-297

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**MARIA ISABEL GIRALDO, et al.,**
Petitioners,

vs.

**AGENCY FOR HEALTH CARE ADMINISTRATION,**
Respondent.

[July 5, 2018]

LAWSON, J.

We accepted review of the decision of the First District Court of Appeal in *Giraldo v. Agency for Health Care Administration*, 208 So. 3d 244 (Fla. 1st DCA 2016), on the ground that it expressly and directly conflicts with the Second District Court of Appeal's decision in *Willoughby v. Agency for Health Care Administration*, 212 So. 3d 516 (Fla. 2d DCA 2017), regarding whether the Agency for Health Care Administration (AHCA) may lien the future medical expenses portion of a Florida Medicaid recipient's tort recovery. We have jurisdiction. *See* art. V, § 3(b)(3), Fla. Const. For the reasons that follow, we hold that under federal law AHCA may only reach the past medical expenses portion of

a Medicaid recipient's tort recovery to satisfy its Medicaid lien. Because the First District held otherwise, we quash the decision below, approve the Second District's decision, and remand with instructions that the First District direct the administrative law judge (ALJ) to reduce AHCA's lien amount in this case to $13,881.79.

## BACKGROUND

After Juan L. Villa suffered extreme injuries in an all-terrain vehicle accident, Florida's Medicaid program (administered by AHCA) paid $322,222.27 for Villa's medical care. Villa later settled with one of multiple alleged tortfeasors for $1 million. Claims against other alleged tortfeasers were still pending. Using the formula outlined in section 409.910(11)(f), Florida Statutes (2015), AHCA calculated the presumptively appropriate amount of its lien at $321,720.16, and asserted a lien in that amount against Villa's settlement. Section 409.910(17)(b) authorizes Medicaid recipients to contest the amount of a Medicaid lien at a hearing before the Division of Administrative Hearings (DOAH), by proving that "a lesser portion of the total recovery should be allocated as reimbursement for past and future medical expenses than the amount calculated by the agency pursuant to the formula set forth in paragraph (11)(f)." § 409.910(17)(b), Fla. Stat. (2015). Villa timely petitioned for this hearing.

At the DOAH hearing, Villa presented uncontested expert testimony establishing that only $13,881.79 of the $1 million tort recovery represented compensation for Villa's past medical expenses and argued that AHCA's lien should be limited to this amount. AHCA argued that the law authorizes recovery of Medicaid expenditures from third-party payments for past medical expenses and reasonably anticipated future medical expenses. Because Villa had the burden of rebutting the lien amount derived from the statutory formula—and put on no evidence to show that the lien exceeded the amount of his recovery properly allocated to his anticipated future medical expenses—AHCA argued that it should recover in the full amount of its lien.

Villa unexpectedly died weeks after the hearing, and his parents, as personal representatives of his estate, were properly substituted into this case as Petitioners. The ALJ's final order affirmed AHCA's lien amount and determined that Villa had failed to rebut the statutory formula because he did not establish that the lien exceeded the portion of his recovery allocated to future medical expenses. Petitioners appealed, and the First District affirmed the ALJ's final order, holding that Florida law[1] and the federal Medicaid Act allow AHCA to secure

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1. The First District correctly observed that Florida law plainly contemplates recoupment of AHCA's expenditures on behalf of a Medicaid recipient from portions of the recipient's tort recovery "allocated as reimbursement for past *and future* medical expenses," *Giraldo*, 208 So. 3d at 249 (quoting § 409.910 (17)(b), Fla. Stat. (2014) (emphasis added)), but also recognized that

reimbursement for its Medicaid expenditures from the portions of Villa's third-party settlement recovery allocated to both past and future medical expenses. The Second District later reached the opposite conclusion in *Willoughby*, holding that the federal Medicaid Act prohibits AHCA from placing a lien on the future medical expenses portions of a recipient's recovery.

## ANALYSIS

This case concerns interpretation of the federal Medicaid Act. Questions of statutory interpretation are reviewed de novo. *See Borden v. East-European Ins. Co.*, 921 So. 2d 587, 591 (Fla. 2006).

### I. Overview

Medicaid is a joint federal-state cooperative program that helps participating states provide medical services to residents who cannot afford treatment. *Arkansas Dep't of Health & Human Servs. v. Ahlborn*, 547 U.S. 268, 275 (2006). The federal Medicaid Act—title XIX of the Social Security Act—governs regulation of the program, and it mandates that participating states follow the Medicaid Act by "compl[ying] with certain statutory requirements for making eligibility determinations, collecting and maintaining information, and administering the program." *Ahlborn*, 547 U.S. at 275. Significantly, the Act contains a general

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because states participating in the Medicaid program must follow federal law, resolution of the conflict question is ultimately governed by federal law. *Id*.

anti-lien provision protecting Medicaid recipients by broadly prohibiting state Medicaid agencies from imposing liens against any of a recipient's property. 42 U.S.C. § 1396p(a)(1) (2012). However, the Act contains a narrow exception to the anti-lien prohibition requiring states to seek reimbursement for their Medicaid expenditures by pursuing payment from third parties legally liable for the recipients' medical expenses. *Ahlborn*, 547 U.S. at 284-85. These provisions "pre-empt[] a State's effort to take any portion of a Medicaid beneficiary's tort judgment or settlement not 'designated as payments for medical care,' " *Wos v. E.M.A.*, 568 U.S. 627, 630 (2013) (quoting *Ahlborn*, 547 U.S. at 284), and set "a ceiling on a State's potential share of a beneficiary's tort recovery," *id*. at 633.

## II. Construing the Medicaid Act

We first examine the Act's plain language, applying the principle that "[w]hen the language of the statute is clear and unambiguous and conveys a clear and definite meaning, . . . the statute must be given its plain and obvious meaning." *Holly v. Auld*, 450 So. 2d 217, 219 (Fla. 1984) (quoting *A.R. Douglass, Inc. v. McRainey*, 137 So. 157, 159 (Fla. 1931)).

The portion of the Medicaid Act defining the "ceiling"—the limitation on what portion of a recipient's tort recovery a state can be subject to a lien—reads in relevant part:

> *[T]o the extent that payment has been made under the State plan for medical assistance for health care items* or services *furnished* to an

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