

Court Rules Daughter Was Not Liable for Mother's Nursing Home Bill

The Indiana Court of Appeals recently ruled that a daughter was not liable for her deceased mother's nursing home bill, even though the daughter had signed as "Responsible Party"¹ when the mother was initially admitted. The case raises several issues that frequently come up when nursing home admission agreements are signed, on behalf of the patient, by someone else.

Trilogy Health Services sued the mother and daughter for bed hold charges, beauty shop services and respiratory equipment from the mother's stay at Springhurst Health Campus in 2012. The mother died before the case went to trial and apparently had no funds to pay the bill. The trial court ruled that the daughter was responsible to pay the nursing home from her own funds. The Court of Appeals overturned the judgment against the daughter, but left the door open for a different result in similar circumstances.

The Court of Appeals noted that federal law and state regulation both prohibit a nursing facility from requiring someone other than the resident to be a guarantor of payment². Advocates for nursing home residents have argued for a simple rule that all guarantor requirements are illegal. However, the Court noted that some courts have found that a relative, who "volunteers" to be a guarantor, can be liable. In the "paper flurry" that typically accompanies a nursing home admission, the possibility of inadvertently volunteering a pledge of one's own assets for a parent's care lurks.

The federal and state rules permit a nursing facility to require that a person with legal access to a resident's income or resources to sign a contract, without incurring personal liability, to provide payment from the resident's funds. In this case, the daughter had signed as "responsible party" for her mother. The Court ruled narrowly, finding that the daughter, who was not power of attorney for her mother, did not have access to her mother's money and therefore could not be held liable under the agreement she signed. Thus, the Court ruled in her favor without reaching the question of whether the daughter could have been liable to pay from daughter's own funds in other circumstances.

Often, a son or daughter signs on behalf of the parent who is being admitted to a nursing home. But there is a big difference between a daughter signing "for mom," as her agent under power of attorney, and daughter signing as guarantor, pledging daughter's own assets to pay for care. It may or may not be advisable or necessary for the agent to sign separately as "responsible party," depending on how the agreement is worded.

People who serve as agents under power of attorney should get legal advice on how to sign for a parent or other person and have admission agreements and other important documents reviewed by a qualified attorney - before signing if possible, otherwise promptly after the fact.

Written by Scott R. Severns, January 30, 2014

¹ Hutchison and Farber v. Trilogy Health Services, LLC, d/b/a Springhurst Health Campus, Indiana Court of Appeals, Slip Opinion dated January 30, 2014.

² This restriction applies to comprehensive care facilities, but not to many assisted living facilities and residential care facilities in Indiana.