Alabama Supreme Court Revisits Hospital Lien Law

On April 28, 2017, the Alabama Supreme Court released its opinion in Ex Parte Alfa Mutual Insurance (No. 1141343), which clarified its interpretation of Alabama's Hospital Lien law in a case alleging a first party insurance payment impaired a hospital's lien. In so doing, the Court adopted the argument that Evans Bailey made to the trial court and the Court of Civil Appeals: lien impairment claims against first party insurers should, at least, be capped by the insurer's policy limits. Previous decisions from the Alabama Supreme Court appeared to indicate that policy limits were not a factor in calculating the amount owed in a lien impairment case. The decision in Ex Parte Alfa reversed the trial court's judgment that the plaintiff-hospital could recover 18 times the defendant-insurer's policy limits on a lien impairment claim.