STATE OF MICHIGAN

COURT OF APPEALS

ALLSTATE INSURANCE COMPANY,

Plaintiff/Counterdefendant-Appellant,

v

A&A MEDICAL TRANSPORTATION SERVICES, INC., RENAISSANCE PHYSICAL THERAPY, LLC, RAHAT MALIK, PHYSICIANS REHABILITATION, LLC, ZUBAIR RATHUR, IMAN FAWAZ, and FIRST CHOICE REHAB, INC.,

Defendants/Counterplaintiffs-Appellees.

UNPUBLISHED
January 23, 2007

No. 260766
Oakland Circuit Court
LC No. 02-039177-CZ

ALLSTATE INSURANCE COMPANY,

Plaintiff/Counterdefendant-Appellant,

v

A&A MEDICAL TRANSPORTATION SERVICES, INC., RENAISSANCE PHYSICAL THERAPY, LLC, RAHAT MALIK, PHYSICIANS REHABILITATION, LLC, ZUBAIR RATHUR, IMAN FAWAZ, and FIRST CHOICE REHAB, INC.,

Defendants/Counterplaintiffs-Appellees.

No. 261504
Oakland Circuit Court
LC No. 02-039177-CZ

Before: Kelly, P.J., and Markey and Meter, JJ.

PER CURIAM.

These consolidated appeals, which arise from the same lower-court case, deal with whether MCL 500.3157, a provision of the no-fault act, MCL 500.3101 *et seq.*, precludes a business entity from receiving no-fault insurance payments for services rendered to persons injured in motor vehicle accidents if the business entity is improperly organized in certain respects. Recent case law makes clear that MCL 500.3157 does not preclude the receipt of no-fault insurance payments under the circumstances presented in these appeals. This accords with the trial court's rulings that are at issue in this case, and we therefore affirm the court's rulings.[1]

The pertinent facts in this case are not disputed. Defendants rendered medical, physical, and occupational therapy services to persons who were injured in automobile accidents and who were insured by plaintiff. Plaintiff refused to pay for certain of the rendered services because it contended that the defendants operating as clinics ("the clinic defendants") were improperly organized as business entities. In various motions and briefs filed in the trial court, plaintiff argued that if a corporation provides medical, physical therapy, or occupational therapy services to the public, it must be incorporated under the Professional Service Corporation Act (PSCA), MCL 450.221 *et seq.*, instead of under the Business Corporation Act, MCL 450.1101 *et seq.* Plaintiff argued, in part, that the corporate clinic defendants were improperly incorporated because (1) the PSCA requires, among other things, that *all* shareholders of an entity providing certain health care services "shall be licensed or legally authorized in this state to render the same professional service" and (2) the corporate clinic defendants could not satisfy the PSCA's licensure requirements because certain of their shareholders lacked a professional license.

Plaintiff additionally argued that a limited liability company (LLC) that provides medical, physical therapy, or occupational therapy services to the public must be organized under article 9[2] of the Michigan Limited Liability Company Act (MLLCA), MCL 450.4101 *et seq.*, instead of under the general provisions of the MLLCA. Plaintiff argued that the LLC defendants were improperly organized because (1) article 9 of the MLLCA requires, among other things, that all members and managers of a company providing certain health care services "shall be licensed or legally authorized in this state to render the same professional service," see MCL 450.4904(2); and (2) the LLC clinic defendants could not satisfy the licensure requirements of article 9 because certain of their members lacked a professional license.

Plaintiff argued that it was not obligated to make no-fault insurance payments to the clinic defendants for services rendered to persons injured in motor vehicle accidents because the clinic defendants were improperly incorporated or organized. Plaintiff cited MCL 500.3157, a provision of the no-fault act that states:

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[1] In Docket No. 260766, plaintiff appeals by delayed leave granted from (1) a January 2004 order denying its motion for summary disposition with regard to the claims against one of the defendants and (2) a January 2005 order granting partial summary disposition to various defendants. In Docket No. 261504, plaintiff appeals by leave granted from a February 2005 order granting partial summary disposition to two of the defendants.

[2] See MCL 450.4901-.4910.

> A physician, hospital, clinic or other person or institution lawfully rendering treatment to an injured person for an accidental bodily injury covered by personal protection insurance, and a person or institution providing rehabilitative occupational training following the injury, may charge a reasonable amount for the products, services and accommodations rendered. The charge shall not exceed the amount the person or institution customarily charges for like products, services and accommodations in cases not involving insurance.

Plaintiff argued that the clinic defendants did not "lawfully render[] treatment" because they failed to incorporate or organize themselves properly as *professional* corporations or *professional* LLCs.

After the parties filed various motions for summary disposition, the lower court ruled that the LLC and the corporate clinic defendants were properly organized. Also, in one of its rulings, the court summarily adopted the reasoning from defendants' pleadings. In these pleadings, certain defendants had argued that even if a business entity is improperly organized, MCL 500.5137 does not operate to prevent an insurer from being obligated to make no-fault insurance payments for services that are otherwise properly rendered. The trial court, in light of its statement from the bench that it agreed with defendants' pleadings, evidently agreed with this argument.

On appeal, plaintiff contends that the trial court erred in making the rulings at issue and that the orders being appealed[3] should be reversed. We review summary disposition rulings de novo. *Fejedelem v Kasco*, 269 Mich App 499, 502; 711 NW2d 436 (2006).

We conclude that we need not decide whether the clinic defendants were improperly incorporated or organized, because even if they were, MCL 500.3157 does not operate to prevent an insurer from being obligated to make no-fault insurance payments for services that are otherwise properly rendered.

MCL 500.3157 states, in pertinent part, that a "clinic . . . lawfully rendering treatment to an injured person . . . may charge a reasonable amount for the products, services and accommodations rendered." Under the recently issued case of *Miller v Allstate Ins Co*, unpublished opinion per curiam of the Court of Appeals, issued September 19, 2006 (Docket No. 259992), slip op at 3, a panel of this Court held that the terms "rendering" and "treatment" in this statute "place[] the focus on the act of actually engaging in the performance of services, here conducing physical therapy sessions, rather than on some underlying corporate formation issues that have nothing to do with the rendering of treatment." The *Miller* Court held that "[a] clinic or institution is lawfully rendering treatment when licensed employees are caring for and providing services and treatment to patients despite the possible existence of corporate defects irrelevant to treatment." *Id*.

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[3] See footnote 1, *supra*.

Under *Miller*, the allegedly defective organizational structures of the clinic defendants did not deprive plaintiff of its obligation to pay for the treatment rendered in this case. The clinic defendants, *in their rendering of treatment*, acted lawfully. Indeed, there is no evidence that the services provided to the injured persons in this case were rendered against the will of anyone, and there is no evidence that the health-care providers involved were practicing medicine without proper medical licenses. We therefore affirm the orders being appealed.[4]

We affirm in both appeals. Remanded for further proceedings consistent with this opinion. We do not retain jurisdiction.

/s/ Jane E. Markey
/s/ Patrick M. Meter

[4] We acknowledge that the trial court, in certain of its orders, ruled that the clinic defendants were properly organized. While we are not reaching this issue, our holding today, which is based on a de novo review, achieves the same result as did the trial court's orders.