

DRAFT REGULATION

Draft Revision **A** (May 3, 2005)

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| Issuing Bureau: Employee Benefits | Rule Reference: Rule: 5-11 (Group Insurance Plans) | | Replaces: Reg. 5.18 (SPDOC 03-11, April 14, 2003) |
| Subject: GROUP INSURANCE PLAN COMPLAINTS <u>COMPLAINTS ABOUT GROUP INSURANCE BENEFITS [DRAFT]</u> | | | |

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1 **1. PURPOSE**

2 This regulation provides procedures for classified employees to ~~appeal privacy,~~
3 ~~coverage, exclusion, and cost issues~~ file complaints regarding group insurance
4 plans approved by the Civil Service Commission.

2. CIVIL SERVICE COMMISSION RULE REFERENCE

Rule 5-11 Group Insurance Plans

5-11.1 Types of Group Insurance Plans

* * *

(e) *Administration.* The department of civil service is responsible for implementing and administering the group insurance plans approved by the civil service commission. The state personnel director shall provide an expedited administrative review of employee complaints regarding group insurance plan coverages, exclusions, and costs. The director's administrative review process is the exclusive procedure for reviewing employee complaints regarding group insurance plan coverages, exclusions, and costs.

* * *

3. DEFINITIONS

A. Additional Definitions used in this Regulation

1. Group insurance benefits means eligibility, enrollments, premiums, coverages, exclusions, costs, reimbursements, payments, copayments, deductibles, coordination of benefits, or other benefits authorized under the group insurance plans.

2. Group insurance plans means all of the following:

a. The group insurance plans authorized in the compensation plan for medical, dental, vision, disability, life, and accidental death.

b. COBRA and other insurance continuation programs authorized by law or the compensation plan.

4. STANDARDS

~~A. Coverage, Exclusion, and Cost Complaints.~~

~~A classified employee aggrieved by a decision of an administrator of a group insurance plan may complain under the exclusive procedure provided in this regulation:~~

- 1 ~~1. **Plan Administrator.** An eligible employee must first exhaust all~~
- 2 ~~complaint and appeal mechanisms provided by the administrator of the~~
- 3 ~~group insurance plan.~~
- 4 ~~2. **Employee Benefits Division.** Within 28 calendar days of the issuance~~
- 5 ~~of the final appeal decision available from a plan administrator, the~~
- 6 ~~employee may file a written complaint with the Employee Benefits~~
- 7 ~~Division of the Department of Civil Service. The complaint must include~~
- 8 ~~copies of all appeal decisions of the plan administrator and any other~~
- 9 ~~relevant information needed to consider the case. The Director of the~~
- 10 ~~Employee Benefits Division shall issue a written decision regarding the~~
- 11 ~~complaint.~~
- 12 ~~3. **State Personnel Director.** Within 28 calendar days of the issuance of~~
- 13 ~~the Employee Benefits Division's decision, an employee may file a~~
- 14 ~~written appeal with the State Personnel Director or the director's~~
- 15 ~~designee. The appeal must include copies of all underlying decisions~~
- 16 ~~and other relevant information. The director or director's designee shall~~
- 17 ~~issue a written decision regarding the appeal. This decision is final.~~

18 **A. Exclusive Procedures.**

19 A classified employee with a complaint regarding a group insurance benefit

20 may complain under the exclusive procedures provided in this regulation.

21 **B. Complaints Regarding Self-funded Plans.**

22 A self-funded group insurance plan is a plan where a contract plan

23 administrator processes claims on behalf of the State but the State retains

24 final responsibility for the cost of all claims.

25 **1. Plans and Plan Administrators.** The following table lists the self-

26 funded group insurance plans and the plan administrator (as of the date

27 of this regulation):

| <u>Self-funded Group Insurance Plan</u> | <u>Plan Administrator</u> |
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| <u>1. State Health Plan PPO</u> | <u>1. Blue Cross Blue Shield of Michigan</u> |
| <u>2. Catastrophic Health Plan</u> | <u>2. Blue Cross Blue Shield of Michigan</u> |

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| <u>3. State Dental Plan</u> | <u>3. Delta Dental Plan of Michigan</u> |
| <u>4. Preventive Dental Plan</u> | <u>4. Delta Dental Plan of Michigan</u> |
| <u>5. State Vision Plan</u> | <u>5. Blue Cross Blue Shield of Michigan.</u> |
| <u>6. State Mental Health & Substance Abuse Plan</u> | <u>6. Magellan Behavioral Health</u> |
| <u>7. State Prescription Drug Plan</u> | <u>7. Express Scripts</u> |
| <u>8. Group Life Insurance Plan</u> | <u>8. Mutual of Omaha</u> |
| <u>9. Long Term Disability Plan</u> | <u>9. Broadspire</u> |

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2. Initial Complaint to Plan Administrator. If a plan administrator is responsible for a group insurance benefit decision, an employee with a complaint must file the complaint as provided in Steps 1 and 2:

a. Step 1: Complaint to Plan Administrator. The employee must first file a timely complaint with the plan administrator and exhaust all complaint and appeal mechanisms provided by the plan administrator.

b. Step 2: Appeal of Plan Administrator’s Decision.

(1) Where to File Appeal. If an employee is dissatisfied with the final decision of the plan administrator, the employee may appeal the plan administrator’s decision, as follows:

(a) Long-term Disability Plan. An appeal of the decision of the plan administrator for the long-term disability plan must be filed with the **Office of the State Employer.**

(b) All Plans except Long-term Disability Plan. Except for an appeal regarding the long-term disability plan, an appeal must be filed in writing with the **Employee Benefits Division of the Department of Civil Service.**

1 **(2) Procedures.**

2 **(a) Time limit to appeal.** The appeal must be received by the
3 Employee Benefits Division or the Office of the State
4 Employer, as appropriate, within 14 calendar days after the
5 date of the decision of the plan administrator.

6 **(b) Documents.** The appeal must include copies of all
7 decisions of the plan administrator and any other relevant
8 information needed to consider the appeal.

9 **(3) Review and decision.**

10 **(a) Expedited staff decision.** The Employee Benefits Division
11 or Office of the State Employer, as appropriate, may first
12 conduct a staff review of the appeal and give an expedited
13 decision.

14 **(b) Request for full review.** If an expedited staff decision is
15 issued and the employee disagrees, the employee must
16 notify the Employee Benefits Division or Office of the State
17 Employer, as appropriate, within 14 calendar days after the
18 date of the staff decision and request a full review by the
19 State Personnel Director. If the employee fails to timely
20 object to the expedited staff decision, the staff decision is
21 final.

22 **(c) Full review and decision.** If (1) staff does not issue an
23 expedited decision or (2) an employee objects to an
24 expedited staff decision and timely requests a full review, the
25 State Personnel Director or the Director's designee shall
26 review the record, obtain any other information necessary to
27 evaluate the complaint and appeal, and issue a decision on
28 the appeal.

29 **3. Direct Complaint to Civil Service.** If the plan administrator is NOT
30 responsible for the group insurance benefit decision, an employee with a
31 complaint must file a complaint as follows:

32 **a. Complaint.** The employee may file a complaint in writing directly to
33 the **Employee Benefits Division of the Department of Civil**
34 **Service.** The direct complaint must be received by the Employee
35 Benefits Division within 28 calendar days after the employee knew
36 of or, in the exercise of reasonable diligence, should have known of
37 the circumstances giving rise to the complaint.

1 **b. Copies.** The complaint must include copies of all relevant
2 information needed to consider the complaint.

3 **c. Review and decision.**

4 **(1) Staff review and decision.** The Employee Benefits Division
5 may conduct an administrative staff review of the appeal and
6 give an expedited decision.

7 **(2) Request for full review.** If an employee objects to an expedited
8 staff decision, the employee must notify the Employee Benefits
9 Division within 14 calendar days after the date of the staff
10 decision and request a full review by the State Personnel
11 Director. If the employee fails to timely object to the staff
12 decision, the staff decision is final.

13 **(3) Full review and decision.** If (1) no staff review is given or
14 (2) an employee objects to an expedited staff decision and timely
15 requests a full review, the State Personnel Director or the
16 Director's designee shall review the record, obtain any other
17 information necessary to evaluate the complaint and appeal, and
18 issue a decision on the appeal.

19 **4. Further Appeal to Civil Service Commission.** An employee
20 dissatisfied with the final decision of the State Personnel Director issued
21 under section 4(B)(2)(b)(3) or 4(B)(3)(c)(3) may appeal the decision to
22 the Civil Service Commission, as provided in the applicable rules and
23 regulations. An expedited staff decision that is not timely objected to is
24 not appealable to the Commission.

25 **C. Complaints Regarding HMOs and DMOs.**

26 Health Maintenance Organizations (HMOs) and Dental Maintenance
27 Organizations (DMOs) are not self-funded plans. If an HMO or DMO is
28 responsible for a group insurance benefit decision, an employee with a
29 complaint must file a complaint directly with the applicable HMO or DMO. A
30 final decision of an HMO or a DMO cannot be appealed to the State
31 Personnel Director or the Civil Service Commission.

32 **D. Privacy Complaints.**

33 1. **Complaint Filing.** An eligible classified employee enrolled in a health
34 plan administered and self-insured by the State of Michigan who
35 believes that the employee's personal health information related to

1 benefit eligibility or enrollment has been improperly used or disclosed
2 may file a complaint with the Privacy Official for the Employee Benefits
3 Division of the Michigan Department of Civil Service. The complaint
4 must be filed on the CS-1782 HIPAA Privacy Complaint Form, which is
5 available at the Employee Benefits section of the Department of Civil
6 Service homepage, www.michigan.gov/mdcs. The complaint must
7 identify the alleged violation of privacy rights with sufficient specificity to
8 allow further review.

9 2. **Privacy Official Review.** The Privacy Official or a designee shall review
10 the complaint and make written findings of fact regarding the alleged
11 violation of privacy policies. This decision is final. The Privacy Official
12 shall send copies of the written findings to the complainant and any
13 relevant appointing authority. The Privacy Official shall continuously
14 evaluate complaints to seek improvements to existing health plan
15 privacy procedures. An appointing authority shall consider all
16 appropriate discipline of an employee found by the Privacy Official or
17 designee to have violated privacy procedures.

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19 **CONTACT**

20 Questions regarding this regulation should be directed to the Employee Benefits Division,
21 Department of Civil Service, P.O. Box 30002, 400 South Pine Street, Lansing, Michigan
22 48909; by telephone, at 517-373-7977 or 1-800-505-5011. Questions regarding privacy
23 complaints can be directed to the Privacy Official for the Department of Civil Service at
24 the same address and phone numbers or to MDCS-HIPAA@michigan.gov.
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| <p>NOTE: Regulations are issued by the State Personnel Director, under authority granted in the <i>State of Michigan Constitution</i> and the <i>Michigan Civil Service Commission Rules</i>. Regulations that implement Commission Rules are subordinate to those Rules.</p> |
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