

**STATE OF MICHIGAN**  
**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**  
**Before the Director of Insurance and Financial Services**

**In the matter of:**

██████████  
**Petitioner**

**v**

**File No. 153305-001**

**Blue Cross Blue Shield of Michigan**  
**Respondent**

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**Issued and entered**  
this 11<sup>th</sup> day of May 2016  
by **Randall S. Gregg**  
**Special Deputy Director**

**ORDER**

**I. PROCEDURAL BACKGROUND**

On April 20, 2016, ██████████ (Petitioner) filed a request with the Director of Insurance and Financial Services for an external review under the Patient's Right to Independent Review Act, MCL 550.1901 *et seq.* The Director accepted the case for review on April 27, 2016.

The Petitioner receives health care benefits through a group plan underwritten by Blue Cross Blue Shield of Michigan (BCBSM). The benefits are described in BCBSM's *Simply Blue Group Benefits Certificate LG*. The Director notified BCBSM of the external review request and asked for the information used to make its final adverse determination. BCBSM provided its response on May 5, 2016.

The issue in this external review can be decided by a contractual analysis. The Director reviews contractual issues pursuant to MCL 550.1911(7). This matter does not require a medical opinion from an independent review organization.

**II. FACTUAL BACKGROUND**

The Petitioner gave birth to her daughter ██████████ on June 12, 2015 at Hackensack University Medical Center in Westwood, New Jersey. Mother and daughter were discharged from the hospital on June 16, 2015.

While in the hospital, Melania Pruiksma received neonatal care from physicians affiliated

with Onsite Neonatal Partners, a physician group that does not participate with BCBSM or the New Jersey Blue Cross Blue Shield plan. Onsite Neonatal Partners charged \$2,561.00 for its services. BCBSM's approved amount for these services was \$734.01 which BCBSM applied to Melania's deductible.<sup>1</sup>

The Petitioner is now being billed by Onsite Neonatal Partners for its services. The Petitioner appealed BCBSM's claims decision through its internal grievance process. At the conclusion of that process, on April 4, 2016, BCBSM issued a final adverse determination affirming its decision. The Petitioner now seeks the Director's review of that final adverse determination.

### III. ISSUE

Did BCBSM correctly process the Onsite Neonatal Partners claims?

### IV. ANALYSIS

#### BCBSM's Position

In the April 4, 2016 final adverse determination BCBSM stated:

We reimbursed Onsite Neonatal P.A. at the maximum payment level (approved amount) available for the reported service. Because Onsite Neonatal is nonparticipating with BCBS, you can be billed for the difference between the approved amount and the billed charges. Therefore, you remain responsible for the balance of \$2,497.00.

\* \* \*

At the time of service, Melania had not met her annual deductible requirement for the year. Because she had not yet met her deductible requirement...the BCBS approved amount [was applied] to Melania's in-network deductible requirement. Therefore, no other reimbursement can be approved. You remain responsible for the in-network deductible totaling \$734.01.

Page 8, (**Section 2: What You Must Pay**), [of the *Simply Blue Group Benefits Certificate LG*] explains that you have the least amount of out-of-pocket expenses when you receive services from a participating PPO provider. What you must pay is determined by the provider's network and participation status. Outside of the PPO network, a provider can either be participating or nonparticipating. If the provider is participating, the BCBS approved amount is accepted as payment in full for covered services. However, nonparticipating providers have not signed an agreement and can bill you for the difference between the BCBS approved amount and the billed charges.

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1. According to BCBSM, two of the Onsite Neonatal claims (totaling \$64.00) are still being processed by BCBSM and the New Jersey Blue Cross Blue Shield organization. BCBSM expects that the Petitioner will not have to pay any amount for those claims, which would reduce the amount owed to Neonatal Partners from \$2,561.00 to \$2,497.00.

As a courtesy, I contacted the Local Plan (Horizon Blue Cross Blue Shield of New Jersey) to confirm Onsite Neonatal's participation status and its maximum payment level for the services rendered. The Local Plan confirmed that Onsite Neonatal is a nonparticipating provider and the allowed amounts assigned to the claim are correct. Thus, no other reimbursement can be approved.

### Petitioner's Position

In the external review request, the Petitioner's mother wrote:

The patient was born 6/12/15. That is the date service at the hospital was rendered. Onsite was the only neonatal doctor on site and we did not choose them, the hospital did. I was fully covered by Blue Cross at the time and now they refuse to pay the claim.

### Director's Review

BCBSM has paid its maximum approved amount for the claims filed by Onsite Neonatal Partners. The approved amount is defined in the *Simply Blue Group Benefits Certificate* (page 146) as:

The lower of the billed charge or our maximum payment level for the covered service. Copayments and/or deductibles, which may be required of you, are subtracted from the approved amount before we make our payment.

If the facility and physician had been participating providers with BCBSM or the New Jersey Blue Cross Blue Shield plan, BCBSM's payment would have been accepted by the provider as payment in full. However, nonparticipating providers such as Onsite Neonatal Partners are not bound by any agreement with a Blue Cross Blue Shield organization to accept a Blue Cross Blue Shield payment as a complete payment.

The Petitioner argues that they had no choice in the providers of these services; Onsite Neonatal Partners was the only provider available. Even so, there is nothing in the *Simply Blue* certificate that requires BCBSM to pay more than its approved amount, even if there was no participating provider available, or the patient had no choice of provider. The *Simply Blue* certificate, on page 119, provides:

If the out-of-network provider is nonparticipating, you will need to pay most of the charges yourself. Your bill could be substantial.

BCBSM paid its maximum amount for the Onsite Neonatal Partners claims. It is not required to pay any additional amount. The Director finds that BCBSM's processing of the claims from Neonatal Partners was consistent with the term of the *Simply Blue* certificate.

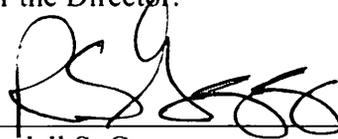
**V. ORDER**

The Director upholds BCBSM's final adverse determination of April 4, 2016.

This is a final decision of an administrative agency. Under MCL 550.1915, any person aggrieved by this order may seek judicial review no later than 60 days from the date of this order in the circuit court for the Michigan county where the covered person resides or in the circuit court of Ingham County. A copy of the petition for judicial review should be sent to the Department of Insurance and Financial Services, Office of General Counsel, Post Office Box 30220, Lansing, MI 48909-7720.

Patrick M. McPharlin,  
Director

For the Director:

A handwritten signature in black ink, appearing to read 'R. S. Gregg', is written over a horizontal line.

Randall S. Gregg  
Special Deputy Director