

**STATE OF MICHIGAN**  
**DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH**  
**OFFICE OF FINANCIAL AND INSURANCE REGULATION**  
**Before the Commissioner of Financial and Insurance Regulation**

In the matter of

XXXXX

Petitioner

File No. 111104-001

v

Midwest Security Life Insurance Company  
Respondent

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Issued and entered  
this 5<sup>th</sup> day of January 2011  
by Ken Ross  
Commissioner

**ORDER**

**I**  
**PROCEDURAL BACKGROUND**

On April 1, 2010, XXXXX (Petitioner), filed a request for external review with the Commissioner of Financial and Insurance Regulation under the Patient's Right to Independent Review Act (PRIRA), MCL 550.1901 *et seq.* The Commissioner notified Midwest Security Life Insurance Company (Midwest) of the external review and requested the information used in making its adverse determination. Midwest provided the information on April 5, 2010. The Commissioner reviewed the information that was received and accepted the request on April 8, 2010.

Initially, the case appeared to involve a medical issue so the Commissioner assigned the matter to an independent review organization. However, upon review of the complete record, the Commissioner determined that this case could be resolved by applying the terms of the Petitioner's health care coverage. Therefore, the IRO recommendation will not be the basis for this decision. See PRIRA, section 11(16)(b), MCL 550.1911(16)(b).

## II FACTUAL BACKGROUND

The Petitioner's health care benefits are defined in Midwest's "MI 44330" certificate of group insurance (the certificate).

Petitioner's primary care physician is XXXXX, M.D. at the XXXXX Holistic Medicine in XXXXX. On October 29, 2009, she saw Dr. XXXXX for a routine examination. In connection with the exam, Dr. XXXXX ordered 21 laboratory tests. The tests were performed by Quest Diagnostics, Inc. (Quest) which billed \$2,279.76 for its services. Upon receipt of the claim for the lab tests (claim #90276559-01), Midwest initially processed all but one of the tests as covered services.<sup>1</sup>

After applying network discounts and Petitioner's deductible, the balance due to Quest was \$459.90. In its written notice to the Petitioner, however, Midwest indicated that all the tests were excluded from coverage and should not have been paid because they constituted the practice of holistic medicine which is not covered under the certificate. Therefore, the \$459.90 was the Petitioner's responsibility. Petitioner disagreed with this conclusion and appealed Midwest's handling of the claim through its internal grievance process asserting that Midwest should pay any balance that might be due to Quest. Midwest responded by asserting that it was correct in its conclusion that the tests should have been excluded from coverage but agreed not to reverse its handling of the claim. Midwest issued its final adverse determination March 22, 2010.

## III ISSUE

Did Midwest correctly process the claim for the Petitioner's October 29, 2009, lab tests?

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<sup>1</sup> The test that was not covered, \$141.00 for gammaglobulin, was rejected because additional information was required from the physician. The material submitted by the Petitioner for this review does not indicate whether the required material was submitted by Dr. XXXXX. For that reason, coverage for the test is not part of this review.

## IV ANALYSIS

### Respondent's Argument

Midwest conducted a grievance committee meeting on March 18, 2010, to consider the Petitioner's appeal. Midwest's notes from that meeting are reprinted below:

[Petitioner] is appealing how her lab charges of 10/29/09 were processed. She had an office visit with Dr. XXXXX (*Holistic Medicine*) on 10/29/09 and also had lab work drawn the same day.

She paid cash for her office visit as her doctor does not accept any insurance. (The office visit charges were never submitted to us.) The lab work, on the same date of service, was sent to an outside lab. Her lab charges were applied towards her deductible.

She feels these charges should be a covered benefit while in conjunction with a physician office visit. She indicates the unpaid balance of \$454.90 should be paid to Quest Diagnostics.

#### GRIEVANCE COMMITTEE DETERMINATION

The Grievance Committee determined this is *Holistic Medicine*. Services are not eligible. In good faith, will not request money back on this claim.

In its March 22, 2010, final adverse determination, Midwest explained that it denied coverage for the lab tests for the following reasons:

Your plan specifically excludes charges for holistic medicine. This is listed under the Limitations portion of your certificate with Midwest Security Insurance Company.

*"Charges for alternative and complimentary medical treatments. Treatments include but not limited to: **holistic medicine**, ayurveda and ayurvedic nutrition, craniosacral therapy, yoga, homeopathy, movement therapy, naturopathy, tai chi chuan, visualization sessions and other programs with an objective to provide complete personal fulfillment or harmony, chelation (metallic ion therapy) except in the treatment of heavy metal poisoning, rolfing, reiki, reflexology, therapeutic touch, colon therapy, massage therapy, herbal therapy, vitamin therapy, and hypnotherapy."*

The lab charges from Quest Diagnostics are not eligible for this reason. In good faith, the Claims Grievance Committee will not request monies back on this claim.

Your policy does cover lab and x-rays at 100% up to \$500 per calendar year and then subject to deductible and co-insurance thereafter on the same day related to an eligible physician visit or urgent care.

### Petitioner's Argument

Petitioner says Dr. XXXXX is a family practitioner who is licensed to practice medicine in Michigan as a medical doctor. Petitioner also says the physician only treats her for menopause and she does not see him for any other holistic therapies. Petitioner goes on to say that she has never requested repayment for those office visits, because Dr. XXXXX does not accept any type of insurance. Petitioner also stated that her labs were drawn at the Quest Diagnostics lab, which is located within the physician's office.

In a letter dated January 13, 2010, Dr. XXXXX provided the reasons why he believes the Petitioner's lab tests for October 29, 2009, were necessary:

[Petitioner] is being managed for multiple diagnoses, including hormone imbalance. Laboratory testing has been requested on a frequent basis, due to many elevated lab result levels. Close monitoring is necessary to have prescriptions at an appropriate level to benefit [Petitioner's] health.

Petitioner believes the lab tests in question should be a covered benefit because the tests were ordered as part of her annual physical and for the treatment of menopause. Petitioner says that the unpaid balance for her lab tests is \$454.90 and is owed to Quest Diagnostics.

### Commissioner's Analysis

According to the Explanation of Benefits form provided by Midwest for the October 29 lab tests, Quest Diagnostics charged \$2,279.76 for the 21 tests it performed. A network discount of \$1,805.23 was applied to the remaining charges which, combined with the ineligible claim of \$141.00, left a balance of \$333.53. Midwest charged \$313.90 to the Petitioner's deductible and paid the remaining \$19.63 to Quest Diagnostics. That left the Petitioner responsible for paying to Quest \$454.90 (the approved charges of \$313.90 plus the \$141.00 ineligible charge).

The Petitioner's \$454.90 bill is owed because of the ineligible charge and her deductible obligation. The amount owed is not attributable to Midwest's belief that the lab tests should

have been disallowed as being holistic medicine not eligible for coverage. Midwest has acknowledged that it made a processing error in classifying the lab tests as eligible expenses and applying the cost of the tests to the Petitioner's deductible. Midwest has also agreed that it will not reverse that accounting. The Petitioner has been the beneficiary of Midwest's error. Had Midwest disallowed all the lab charges, the Petitioner would have been responsible for the full \$2,279.76 charged by Quest Diagnostics. But because Midwest processed the lab tests as eligible for coverage, the Petitioner's financial obligation is much less. Under these circumstances, the Commissioner will not order the reversal of Midwest's claims accounting.

**V**  
**ORDER**

The Commissioner upholds Midwest's accounting of the Petitioner's claim for the October 29, 2009, lab services.

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 sixty days from the date of this Order in the circuit court for the 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 Commissioner of Financial and Insurance Regulation, Health Plans Division, Post Office Box 30220, Lansing, MI 48909-7720.