

**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. 146608-001**

**Blue Cross Blue Shield of Michigan**

**Respondent**

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**Issued and entered**  
this 25<sup>th</sup> day of March 2015  
**by Randall S. Gregg**  
**Special Deputy Director**

**ORDER**

**I. PROCEDURAL BACKGROUND**

On March 3, 2015, ██████████ (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.* On March 10, 2015, after a preliminary review of the information submitted, the Director accepted the request.

The Petitioner receives health care benefits under an individual plan that is underwritten by Blue Cross Blue Shield of Michigan (BCBSM). The Director immediately notified BCBSM of the external review request and asked for the information it used to make its final adverse determination. The Director received BCBSM's response on March 18, 2015.

This case can be resolved by applying the terms of the Petitioner's coverage; it does not require a medical opinion from an independent review organization. See MCL 550.1911(7).

**II. FACTUAL BACKGROUND**

The Petitioner's health care benefits are defined in BCBSM's *Blue Cross Premier Silver Benefits Certificate*<sup>1</sup> (the certificate). The coverage was effective on June 1, 2014. The plan has a \$2,800.00 family deductible for in-network services and a \$5,600.00 family deductible for out-

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<sup>1</sup> BCBSM form no. 603F, federal approval 09/13 and state approval 05/14.

of-network services. After the deductible has been met, the plan pays 80% for most covered services from in-network providers.

Before he switched to the individual plan, the Petitioner and his family were covered under a BCBSM small group plan and had met \$2,523.65 of the annual in-network deductible requirement for that plan. The Petitioner understood that the deductible applied under the small group plan would carry over to the individual plan's deductible requirement.

From June 1 through October 17, 2014, the Petitioner and his family received various medical services. BCBSM processed the claims for those services but applied its approved amounts to the deductible requirement.

When the Petitioner began receiving bills for medical services received after June 1, 2014 he appealed BCBSM's claim processing decisions through its internal grievance process. At the conclusion of that process, BCBSM issued a final adverse determination dated January 22, 2015 upholding its decisions. The Petitioner now seeks a review of that final adverse determination from the Director.

### III. ISSUE

Did BCBSM correctly apply its approved amount for services from June 1 through October 17, 2014 to the annual deductible?

### IV. ANALYSIS

#### BCBSM's Argument

In its final adverse determination, BCBSM explained to the Petitioner:

You are covered under the *Blue Cross Premier Silver Benefits Certificate (Certificate)*. Under *Section 2: What You Must Pay*, the *Certificate* explains your deductible requirement. On Page 12, the *Certificate* indicates that before we begin paying for services, you must meet a \$2,800 deductible for in-network services and a \$5,600 deductible for out-of-network services for your family each calendar year. . . . Your family met the \$2,800 in-network deductible requirement for this plan on October 17, 2014.

We are only able to apply claims to the deductible when those claims are billed under the plan. On Page 144, the *Certificate* explains that services received before the effective date of your coverage under the *Certificate* are excluded from payment. As a result, these services are also excluded from being applied towards your deductible requirement.

I regret that there was confusion regarding the date when your deductible had been met. However, I am bound by the language of the *Certificate*, which clearly indicates that you must meet a \$2,800 in-network deductible and \$5,600 out-of-network deductible before BCBSM begins paying for services rendered by those providers. There is no deductible carryover from the previous plan you received from your former employer and the Premier Silver plan you enrolled in on June 1, 2014. Thus, you remain responsible for the claims that were applied towards your deductible requirement.

### Petitioner's Argument

In an undated letter submitted for this external review, the Petitioner wrote:

We had Blue Cross Blue Shield of Michigan throughout the year of 2014 from 1/1/2014 thru 6/1/2014 we had a policy through a group number . . . with an applied deductible of \$2,523.65. Our Agent . . . then told us and Blue Cross told him that we would benefit purchasing the Silver Plan with a deductible of \$2,800 maximizing my current deductible of \$2,523.65. With this continuation of coverage we would be taking advantage of how close we were to the new Silver Plan's \$2,800.00 deductible level.

The Blue Cross on-line account confirmed that continuation adding to the \$2,523.65 after we purchased the Silver plan. . . . The On-Line calculations reflected that on or about July 23 2014 with the combined Blue Cross Plans we surpassed the \$2,800 we assumed our claims would be fully honored at that point. We discovered in October 2014 that nothing had been paid between July 23 and October 2014 because our deductible had not been met?

Contacted My Agent indicated that the deductible should have been met in July and that my combined deductibles exceeded the \$2,800.00 as per the On-line calculator of our deductible. The calculator in October reflected in excess of \$5,000.00 towards the deductible. . . .

My claim is we were misled in two ways and then re-enforced by seeing a deductible on my on-line account confirming the continuation of said deductible. We also had confirmation verbally from our Agent . . . and he had confirmed with Blue Cross prior to the purchase of the more expensive Silver plan that the \$2,523.65 would carry forward. Claims between July and September 2014 were not paid we would like reimbursement for that period.

### Director's Review

The Petitioner says that he decided to purchase the BCBSM Premier Silver plan because he was told that the accumulated deductible from his prior group coverage would carry over to the new plan. He wants to be reimbursed for some of the covered medical expenses that BCBSM

applied to the deductible after his coverage began on June 1, 2014.

Unfortunately, the resolution the Petitioner seeks in this external review cannot be provided under the Patient's Right to Independent Review Act (PRIRA). Whatever the source of the misinformation, PRIRA does not give the Director the authority to reform the terms of an insurance contract based on misstatements or misrepresentations. There is nothing in the *Blue Cross Premier Silver Benefits Certificate* that directly or impliedly indicates that the deductible from a prior BCBSM plan will carry over to the new plan, and there is nothing in state law that requires that result.

The Director finds that BCBSM acted in accord with the terms of the certificate when it applied its approved amount for covered medical expenses to the deductibles under the new coverage.

#### V. ORDER

The Director upholds BCBSM's final adverse determination of January 22, 2015.

This is a final decision of an administrative agency. 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. See MCL 550.1915(1). 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.

Annette E. Flood  
Director

For the Director:



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Randall S. Gregg  
Special Deputy Director