

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. 154743-001

Blue Care Network of Michigan

Respondent

Issued and entered
this 19th day of August 2016
By **Randall S. Gregg**
Special Deputy Director

ORDER

I. PROCEDURAL BACKGROUND

████████████████████ (Petitioner) received hospital care and was dissatisfied with the way his health plan, Blue Care Network of Michigan (BCN), processed the claim for those services.

On July 22, 2016, the Petitioner filed a request with the Director of Insurance and Financial Services for an external review of BCN's decision under the Patient's Right to Independent Review Act, MCL 550.1901 *et seq.* On July 29, 2016, after a preliminary review of the material submitted, the Director accepted the request.

The Petitioner receives health care benefits under an individual plan from BCN, a health maintenance organization. The Director immediately notified BCN of the external review request and asked for the information it used to make its final adverse determination. BCN responded on August 2, 2016.

The issue in this external review can be decided based on an analysis of the contract that defines the Petitioner's health care benefits. The Director reviews contractual issues under MCL 500.1911(7). This matter does not require a medical opinion from an independent review organization.

II. FACTUAL BACKGROUND

The Petitioner's health care benefits are defined in the *Blue Care Network Certificate of Coverage for Individuals* (the certificate).

After suffering a heart attack on September 30, 2015, the Petitioner was taken to McLaren Macomb Hospital where he had a heart catheterization and a stent placed. His hospital stay ended on October 1, 2015. BCN's approved amount for this care was \$33,798.00 and after applying a \$500.00 inpatient hospital copayment this left a remaining approved amount of \$33,298.00. BCN then paid 80% (\$26,638.40), this left the Petitioner with a balance of \$7,159.60. (a \$500.00 copayment plus 20% coinsurance of \$6,659.00).

The Petitioner appealed the amount paid through BCN's internal grievance process. At the conclusion of that process BCN issued a final adverse determination dated May 25, 2016, upholding its decision.

The Petitioner now seeks a review of BCN's final adverse determinations from the Director.

III. ISSUE

Did BCN correctly process the claims for the Petitioner's hospital care?

IV. ANALYSIS

Petitioner's Argument

On the external review form the Petitioner wrote:

I was taken by ambulance to McLaren Macomb ... after suffering a heart attack to have a heart cath and a stent installed. This was the third surgery of this type I had in a 12 month period. McLaren submitted a bill to BCN (quite a bit higher than both of my 2014 surgeries) for the full list price amount for their services. Normally a contracted [*provider*] (both of the previous two surgeries were at St. John Detroit) take[s] a substantial discount off the list price billing. On my last two surgeries this was approximately 65%. Somehow BCN has the contract messed up and paid their portion (80%) of the bill with no contract discount. I called McLaren and was told that if I did not have insurance they would discount the bill 50%. By BCN not correctly discounting the invoice my portion (20%) is over 7 grand. My portion of the first two surgeries that were discounted correctly were \$1,719.63 and \$933.17 for the exact same procedure. It seems beyond belief that BCN would not get a

discount from McLaren Macomb at all and have a 65% discount from St. Johns.

The Petitioner believes that BCN's approved amount for his care at McLaren Macomb should be lower, reducing his coinsurance amount.

Respondent's Argument

In its final adverse determination, BCN told the Petitioner:

Our step two grievance panel ... reviewed your request for a reduction in the above charge, and upheld the previous denial.

The charges were processed appropriately per the facility's contracted rate.

Director's Review

The certificate, in "Section 2.1 Non-duplication" (p. 5), says "BCN ... does not ... pay more for Covered Services than the BCN Approved Amount." The certificate defines "approved amount":

Approved Amount also known as the Allowed Amount is the lower of the billed charge or the maximum payment level BCN will pay for the Covered Service. The Approved Amount is reduced by any Cost Sharing, which may be required of you, before we make our payment.

The Petitioner received services at McLaren Macomb Hospital on September 30 – October 1, 2015. BCN determined that its maximum payment level for those services was \$34,688.30. The hospital only billed \$33,798.00 so the provider's lower charge became BCN's approved amount and the basis for applying any cost sharing.¹ As BCN's grievance summary explained:

NOTE: BCN's internal processing team was contacted and a review was requested. Per the review, it was identified that for this inpatient medical diagnosis related grouping (DRG), this facility [*McLaren Macomb Hospital*] would be approved in the amount of \$34,688.30. For this claim, the facility only billed \$33,798;

¹ The Petitioner had already met his annual deductible for calendar year 2015 at the time he was in McLaren Macomb Hospital so he was only responsible for a \$500.00 copayment for inpatient hospital services and then 20% of the remainder of BCN's approved amount, a total of \$7,159.60.

therefore, there was no discount given. Each facility contracted with BCN can have their own agreement regarding contracted and/or approved DRG amounts.

The Petitioner says he had the same procedure at another hospital the previous year and the approved amount was much lower. But even if that is true, different facilities have different contracted rates, as BCN points out. The Director, having no basis for reversing BCN's final adverse determination, concludes that it correctly processed the claim for the Petitioner's hospital services according to the terms and conditions of the certificate.

V. ORDER

The Director upholds BCN's final adverse determinations.

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 'RSG', is written over a horizontal line.

Randall S. Gregg
Special Deputy Director