

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

In the matter of:

██████████

Petitioner

v

Golden Rule Insurance Company

Respondent

File No. 149116-001

Issued and entered
this 3rd day of September 2015
by Joseph A. Garcia
Special Deputy Director

ORDER

I. PROCEDURAL BACKGROUND

On July 31, 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.* After a preliminary review of the material received, the Director accepted the request on August 7, 2015.

The Petitioner receives health benefits through a group plan underwritten by Golden Rule Insurance Company. The Director notified Golden Rule of the external review request and asked for the information used to make its final adverse determination. Golden Rule provided a response on August 4, 2015.

This case presents an issue of contractual interpretation: the proper allocation of the Petitioner's deductible obligation across two policy years, 2014 and 2015. 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 was admitted to ██████████ on December 31, 2014. She was discharged on January 3, 2015. ██████████ charged \$23,632.03 for the Petitioner's treatment. A provider discount of \$15,174.12 applied to the charges and Golden Rule approved a total of \$8,457.91. The Petitioner's policy requires her to pay an annual deductible of \$10,000.00. In

processing the [REDACTED] claims, Golden Rule allocated \$7,061.76 to the Petitioner's 2014 deductible and \$652.04 to her 2015 deductible.

The Petitioner would prefer that as much of her deductible as possible be allocated to her 2014 policy year. Alternatively, she would like to have the deductible allocated to each day the individual claims were incurred.

The Petitioner appealed Golden Rule's calculation of the deductibles through Golden Rule's internal grievance process. At the conclusion of that process, Golden Rule issued a final adverse determination dated June 3, 2015, affirming its decision. The Petitioner now seeks a review of that final adverse determination from the Director.

III. ISSUE

Did Golden Rule correctly calculate the deductibles for the Petitioner's hospital claims?

IV. ANALYSIS

Respondent's Argument

In its final adverse determination, Golden Rule explained how it processed the Petitioner's inpatient hospital services:

[Y]our illness started on December 31, 2014. You are requesting since the services were ongoing treatment for this illness that the deductible amounts applied to the deductible amounts applied to the charges from 2014, and forward be applied to your 2015 deductible.

* * *

Your health insurance plan includes a \$10,000 network provider deductible. This deductible is per calendar year. In accordance with your plan, the charges incurred on December 31, 2014, were applied to your 2014 deductible. Any covered expenses incurred on January 1, 2015, going forward are subject to the 2015 calendar year deductible.

Petitioner's Argument

The Petitioner's request for external review contained this statement:

My hospitalization began the afternoon of 12/31/14 and I was released on 1/3/15. Since it was a single occurrence that included two different benefit years, I was hoping it would all go toward my 2015 deductible year. If that was not possible, then I needed to have the charges applied to the actual year that they occurred, with a division of the charges to occur at midnight of 12/31. However, the first

part of my request was denied, and the rest of it was ignored, resulting in my having to pay two deductibles (\$14,000 total for both deductibles,) because some of the charges incurred in 2015 were moved back and applied to 2014. The charges that were moved from 2015 back to 2014 appear on the EOB that I am sending. The charge of \$10,251.84 was repriced to zero for 2015. On the same EOB (but on a different page) a charge of \$5,125.91 appears for 2014, which does not get repriced at all. Since the charge does not coincide with any of the itemized charges from the hospital, (in fact the hospital didn't know where it came from either,) I suspect that this is the repriced amount for the \$10,251.84 that disappeared from 2015.

Also there is a room and board charge for 12/31/14 for \$2,679.96 that was never repriced, although the other room and board charge occurring in 2015 were reported to \$326.02 per day. I suspect that was simply a clerical error because the same error occurred on another charge that was fixed without incident. I suspect that they simply did not want to deal with me anymore, and so just didn't follow up on that. Since the 2014 bills are being paid entirely out of pocket, obviously, this needs to be fixed.

This same EOB includes the room and board charges concerned. The EOB shows that the charges for 1/1 and 1/2 were repriced and on the other page, shows the charge for 12/31 not repriced.

Director's Review

In conducting reviews under the Patient's Right to Independent Review Act, the Director determines whether an insurer has processed disputed claims in a manner consistent with the terms of the relevant insurance policy and state statutes. There are no Michigan statutes requiring deductibles be calculated according to a particular method. The Petitioner's Golden Rule policy establishes the amount of a member's annual deductible but does not specify a method for calculating deductibles for claims.

According to Golden Rule in its final adverse determination, it matches the deductible to the date a claim is incurred. Claims incurred in 2014, for example, are processed using the member's outstanding deductible for that year.

Golden Rule reconsidered its initial claim processing using this which resulted in an additional payment by Golden Rule of \$521.63. The Director can find no basis on which to conclude that Golden Rule improperly determined the Petitioner's 2014 and 2015 deductible obligations.

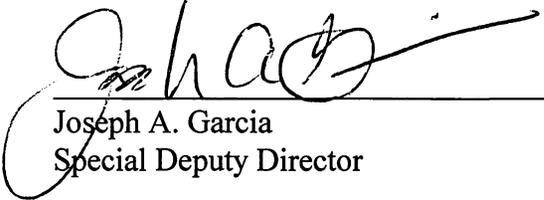
V. ORDER

The Director upholds Golden Rule's processing of the Petitioner's claims from her treatment at [REDACTED] Hospital.

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:



Joseph A. Garcia
Special Deputy Director