

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. 146814-001

McLaren Health Plan  
Respondent

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Issued and entered  
this 15<sup>th</sup> day of April 2015  
by Joseph A. Garcia  
Special Deputy Director

ORDER

I. BACKGROUND

On March 16, 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.*

The Petitioner receives group health care benefits as a member of McLaren Health Plan, a health maintenance organization (HMO). The Director notified McLaren of the external review request and asked for the information used to make its final adverse determination. The Director received McLaren's response on March 17, 2015. After a preliminary review of the material submitted, the Director accepted the request on March 23, 2015.

The issue in this external review can be decided by 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 McLaren's certificate of coverage which has two benefit levels, Option A and Option B. Option A requires members to pay lower out-of-pocket expenses than Option B requires.

The Petitioner requested that McLaren provide Option A level coverage for a total hip arthroplasty to be performed by a surgeon in California she selected. The surgeon is not a member of the McLaren network. Because the surgeon was not in its provider network, McLaren approved coverage at the Option B level.

On February 3, 2015 the Petitioner proceeded with the surgery and later appealed, through McLaren's internal grievance process, the decision to deny Option A coverage. McLaren issued a final adverse determination February 16, 2015, affirming its decision to provide Option B coverage. The Petitioner now seeks a review of that adverse determination from the Director.

### III. ISSUE

Did McLaren properly deny Option A level coverage for the Petitioner's hip replacement surgery?

### IV. ANALYSIS

#### Petitioner's Argument

In her request for an external review, the Petitioner explained why she was appealing McLaren's decision:

I am asking for 100% coverage for a hip replacement in [REDACTED] by [REDACTED]. [REDACTED] specializes in "ANTERIOR hip replacements." Many hours were spent researching Drs. to find "the best" surgeon for me. I take good care of myself and in the long run felt this was "the best" for me while also saving McLaren unnecessary expenses in the future. Why should I be penalized for trying to do "the best" for myself and McLaren? I would have been happy to stay local, save myself travel expenses but this was the "best fit" for me....

#### Respondent's Argument

In the final adverse determination sent to the Petitioner, McLaren wrote:

McLaren Health Plan cannot approve this request to process services at the Option A benefit level due to the fact that this provider is not a participating provider with McLaren Health Plan. This service is available in-network with McLaren Health Plan. As stated in the McLaren Health Plan Certificate of Coverage...if the member chooses to receive services from a non-participating

provider they may incur costs higher than those received from a participating provider. Your services have been approved under your Option B benefit level.

### Director's Review

The certificate has two levels of benefits, Option A and Option B. The two options are described in the certificate of coverage on pages 24-25:

#### **8.01 OPTION A BENEFITS**

Option A works like a traditional HMO. Under this option, your PCP [*primary care physician*] coordinates your medical care and issues referrals for specialty care, when needed. All of your health care is provided for the lowest Out-of-Pocket expense to you.

In order to receive Option A Benefits, your PCP must arrange any care not provided by him/her by issuing a referral and, when needed. It is important to obtain a referral from your PCP before you receive specialty care. If no referral is issued, the service is paid under the Option B Benefit and you have more Out-of-Pocket costs.

#### **8.02 OPTION B BENEFITS**

Option B Benefits allows you to self-refer, meaning a referral from a PCP is not required. In addition, you can choose to receive services from any doctor or hospital, whether the provider participates with McLaren or not. In exchange for this flexibility, the Out-of-Pocket expenses are higher than under Option A.

If you choose to receive services from a non-participating provider, you may incur costs higher than those received from a participating provider, even if the services are identical. In some cases, you may have to pay the price difference between the cost of the services and what McLaren pays a participating provider for the service. These costs can be significant, which is why it is important to understand your liability when using a non-participating provider....

The Petitioner argues that coverage should be approved at the Option A level because [REDACTED] was "the best" surgeon for her because he specializes in anterior hip replacement even though she is aware that [REDACTED] is a non-participating provider. She maintains the in-network surgeons only perform the posterior replacement surgery.

McLaren is an HMO that operates within a network of providers who sign contracts and agree to accept negotiated rates. The negotiated rates are a primary method of containing costs that ultimately benefits every member. A fundamental premise of an HMO is the centralization

of health care delivery within its network of providers. Under the terms of Petitioner's coverage, she has the option of selecting a non-network provider. However, by doing so, coverage under Option B is mandatory. McLaren approved the request at the Option B level as the certificate of coverage requires.

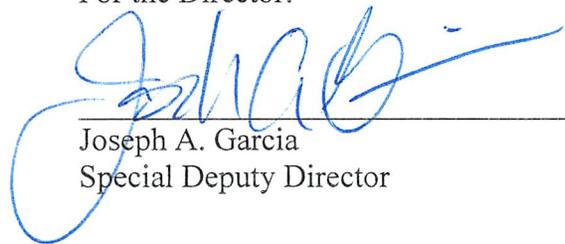
**V. ORDER**

The Director upholds McLaren's February 16, 2015, final adverse determination.

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 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, Health Care Appeals Section, Post Office Box 30220, Lansing, MI 48909-7720.

Annette E. Flood  
Director

For the Director:



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Joseph A. Garcia  
Special Deputy Director