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. 148274-001**

McLaren Health Plan
Respondent

Issued and entered
this 9th day of July 2015
by Randall S. Gregg
Special Deputy Director

ORDER

I. PROCEDURAL BACKGROUND

On June 10, 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*. As originally filed, the Petitioner's request for review was incomplete. Additional information was provided on June 19, 2015.

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 June 23, 2015. On June 26, 2015 after a preliminary review of the information submitted the Director accepted the case for review.

This case presents an issue of contractual interpretation. The Director reviews contractual issues pursuant to MCL 550.1911(7). This matter does not require a medical review by 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 has lower cost-sharing requirements than Option B. Treatment received from providers in McLaren's provider network is covered at the Option A level.

On October 30, 2014, the Petitioner was treated at the Mayo Clinic in Minnesota for an intradural arachnoid cyst with major spinal cord damage. The Petitioner requested that McLaren provide Option A level coverage for the Mayo Clinic treatment. Mayo Clinic is not a member of the McLaren network. Because the Mayo Clinic was not in its provider network, McLaren approved coverage at the Option B level.

The Petitioner appealed the decision through McLaren's internal grievance process. McLaren issued a final adverse determination April 20, 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 treatment at the Mayo Clinic?

IV. Analysis

Petitioner's Argument

In his request for an external review, the Petitioner argues that he was referred to the Mayo Clinic by his in-network doctor at the University of Michigan Medical Center. For that reason, he believes McLaren should pay at the in-network level.

Respondent's Argument

In its 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 Out-of-Network 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 28-29:

> **8.03 OPTION A BENEFITS**
>
> Option A works like a traditional HMO. Under this option, your PCP [primary care physician] coordinates your medical care and obtains Reauthorizations or 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, obtaining Preauthorization form MHP (see Section 8.02). 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.

8.04 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 ("Balance Bill"). These costs can be significant, which is why it is important to understand your liability when using a non-participating Provider.

Option B does not waive the requirement for Preauthorization for certain services... If Preauthorization is not received from your PCP and MHP for those services, no Coverage will be provided.

The Petitioner argues that coverage should be approved at the Option A level because he was referred to the Mayo Clinic by his in-network doctor. However, in order to receive Option A coverage for services from an out-of-network provider, the services must be preauthorized by McLaren. The Director found no documentation of a preauthorization request. Under the terms of Petitioner's coverage, he has the option of selecting a non-network provider. However, by doing so, only Option B coverage is available in the absence of a preauthorization from McLaren. The Director finds that McLaren provided the correct level of coverage specified in the certificate of coverage.

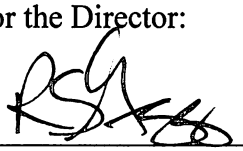
V. ORDER

The Director upholds McLaren's April 20, 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.

Patrick M. McPharlin
Director

For the Director:



Randall S. Gregg
Special Deputy Director