
OPINION OF TRUSTEES

In Re

Complainant: Employee
Respondent: Employer
ROD Case No: 88-507 - July 1, 1992

Board of Trustees: Joseph P. Connors, Sr., Chairman; Paul R. Dean, Trustee; William Miller, Trustee; Elliot A. Segal, Trustee.

Pursuant to Article IX of the United Mine Workers of America ("UMWA") 1950 Benefit Plan and Trust, and under the authority of an exemption granted by the United States Department of Labor, the Trustees have reviewed the facts and circumstances of this dispute concerning the provision of benefits coverage for in-patient hospital benefits under the terms of the Employer Benefit Plan.

Background Facts

The Employee's spouse was hospitalized in a private room from October 7 to October 10, 1990 for evaluation and treatment of severe chest pains with associated palpitations. The Employer has denied the extra charge for a private room for October 7 and 8, 1990 and denied benefits for the room and board charges for October 9, 1990. The Employee requested reconsideration of the denial. The Employee's spouse's physician submitted a letter dated January 17, 1991 to the Employer's insurance carrier stating that it was necessary for the Employee's spouse to be placed in a room because she was nervous and anxious during her hospital stay due to some personal problems, and because she presumed she had coronary artery disease. The Employer's insurance carrier maintained the original denial. The hospital records note that the request for a private room was made by the spouse. The medical record also states that the patient was anxious to leave the hospital as soon as possible, but the physician ordered hospitalization for the extra day of October 9, 1990 to perform additional tests.

The Employer has provided benefits for the Employee's spouse's hospitalization from October 7 to October 8, 1990 at the semi-private room and board level. The Employer has denied coverage of the extra charge for a private room, stating that the Employee's condition did not meet the requirements for coverage of a private room under Article III. A. (1)(c) of the Employer Benefit Plan. The Employer also has denied benefits for the room and board charges of October 9, 1990 on the grounds that the medical necessity of the charges has not been established.

Dispute

Is the Employer required to provide benefits for the private room charges incurred during the Employee's spouse's hospitalization, as well as the room and board charge on October 9, 1990?

Positions of the Parties

Position of the Employee: The Employer is required to provide benefits for the private room charges incurred during the Employee's spouse's hospitalization and the room and board charge of October 9, 1990 because her physician felt it was medically necessary. If the services were not medically necessary then the Employer should initiate hold harmless procedures.

Position of the Employer: The Employer is not required to provide benefits for the private room charges incurred during the Employee's spouse's hospitalization and the room and board charge of October 9, 1990 because medical necessity has not been established. The Employee's spouse's condition did not require isolation for her own health, or for that of others, and the services rendered on October 9, 1990 could have performed on an outpatient basis.

Pertinent Provisions

The Introduction to Article III states:

ARTICLE III - BENEFITS

Covered services shall be limited to those services which are reasonable and necessary for the diagnosis or treatment of an illness or injury and which are given at the appropriate level of care, or are otherwise provided for in the Plan. The fact that a procedure or level of care is prescribed by a physician does not mean that it is medically reasonable or necessary that it is covered under this plan. In determining questions of reasonableness and necessity, due consideration will be given to the customary practices of physicians in the community where the service is provided. Services which are not reasonable and necessary shall include, but are not limited to the following: procedures which are of unproven value or of questionable current usefulness; procedures which tend to be redundant when performed in combination with other procedures; diagnostic procedures which are unlikely to provide a physician with additional information when they are used repeatedly; procedures which are not ordered by a physician or which are not documented in timely fashion in the patient's medical records; procedures which can be performed with equal efficiency at a lower level of care. Covered services that are medically necessary will continue to be provided, and accordingly this paragraph shall not be construed to detract from plan coverage or eligibility as described in this Article III.

Article III. A. (1) (a) states in pertinent part:

A. Health Benefits

(1) Inpatient Hospital Benefits

(a) Semi-private room

When a Beneficiary is admitted by a licensed physician (hereinafter "physician") for treatment as an inpatient to an Accredited Hospital (hereinafter "hospital"), benefits will be provided for semi-private room accommodations (including special diets and general nursing care) and all medically necessary services provided by the hospital as set out below for the diagnosis and treatment of the Beneficiary's condition.

Article III. A. (1)(c) states:

(c) Private Room

For confinement in a private room, benefits will be provided for the hospital's most common charge for semi-private room accommodations and the Beneficiary shall be responsible for any excess over such charge except that private room rates will be paid when (i) the Beneficiary's condition requires him to be isolated for his own health or that of others, or (ii) the hospital has semi-private or less expensive accommodations but they are occupied and the Beneficiary's condition requires immediate hospitalization. Semi-private room rates, not private room rates, will be paid beyond the date a semi-private room first becomes available and the Beneficiary's condition permits transfer to those accommodations.

Article III. A. (10)(g) 3. states:

3. The Employer and the UMWA agree that excessive charges and escalating health costs are a joint problem requiring a mutual effort for solution. In any case in which a provider attempts to collect excessive charges or charges for services not medically necessary, as defined in the Plan, from a Beneficiary, the Plan Administrator or his agent shall, with the written consent of the Beneficiary, attempt to resolve the matter, either by negotiating a resolution or defending any legal action commenced by the provider. Whether the Plan Administrator for his agent negotiates a resolution of a matter or defends a legal action on a Beneficiary's behalf, the Beneficiary shall not be responsible for any legal fees, settlements, judgements or other expenses in connection with the case, but may be liable for any services of the provider which are not provided under the Plan. The Plan Administrator or his agent shall have sole control over the conduct of the defense, including the determination of whether the claim should be settled or an adverse determination should be appealed.

Article III. A. (11)(a) 10. lists as an exclusion:

10. Charges for private room confinement, except as specifically described in the Plan.

Discussion

The Introduction to Article III of the Employer Benefit Plan states that covered services shall be limited to those services which are reasonable and necessary for the diagnosis or treatment of an illness or injury and which are given at the appropriate level of care. The Introduction further states that the fact that a procedure or level of care is prescribed by a physician does not mean that it is medically reasonable or necessary or that it is covered under the Plan. Article III. A. (1) (a) of the Plan states that when a Beneficiary is admitted to a hospital by a physician for treatment as an inpatient, benefits will be provided for semi-private room accommodations and all medically necessary services provided for the diagnosis and treatment of the Beneficiary's condition. Additionally, Article III. A. (1)(c) of the Employer Benefit Plan provides benefits for a private room when a Beneficiary's condition requires isolation for his own health, or that of others, or when a Beneficiary requires immediate hospitalization and all semi-private or less expensive accommodations are occupied. Article III. A. (11) (a) 10 of the Employer Benefit Plan states that charges for private room confinement, except as specifically described in the Plan, are excluded from coverage.

In this case, the Employee's spouse's physician has stated in a letter that the Employee's spouse was placed in a private room because of anxiety, nervousness and the fact that she presumed she had coronary artery disease; however, according to the hospital records the request for the private room came from the Employee's spouse. A Funds' medical consultant has reviewed this file, including the letter from the Employee's spouse's physician. The consultant advises that even though the patient was emotionally upset, anxious and nervous, as stated by her physician, there is no medical justification for a private room. Because the medical necessity of a private room for the Employee's spouse has not been established, the Employer is not required to provide benefits for the private room charges incurred during the Employee's spouse's hospitalization.

The Funds' medical consultant also has advised that the medical documentation provided indicates that by October 9, 1990 any acute causes for the patient's chest pain had been ruled out, therefore the patient could have been safely discharged at that time. It is the consultant's opinion that the last day of the admission involved exercise testing which could have been safely done on an outpatient basis, and that the inpatient confinement from October 9 to October 10, 1990 was not medically necessary.

Inasmuch as the Employee's spouse's condition did not require private room accommodations, and inpatient confinement was not medically necessary beyond October 8, 1990, the Employer is justified in denying benefits for the private room charges and room and board charges for the last day of the Employee's spouse's hospitalization under the terms of the Employer Benefit Plan.

Article III. A. (10)(g) 3. of the Employer Benefit Plan provides that the Plan Administrator shall attempt to negotiate with or defend a Beneficiary against providers who seek to collect charges for services not medically necessary. Whether the Employer negotiates a resolution or defends a legal action, the Beneficiary is not responsible for any expenses in connection with such charges.

This is known as the Plan's "hold harmless" provision. In this case, the Employer has denied charges as there was no medical justification for the use of the private room. Since the request for the private room came from the Employee's spouse, and it was not medically justified, it is not appropriate for the Employer to implement hold harmless procedures for the private room charges. The hold harmless provision would, however, apply to the room and board charges incurred on October 9, 1990, since these were ordered by the physician and not for patient convenience.

Opinion of the Trustees

The Employer is not required to provide benefits for the private room charges incurred during the Employee's spouse's hospitalization, nor to provide benefits for the room and board charges incurred beyond October 8, 1990. The Employer is not required to implement hold harmless procedures for the private room charges, but is required to hold the Employee harmless for the room and board charges subsequent to October 8, 1990.