
OPINION OF TRUSTEES

In Re

Complainant: Employee
Respondent: Employer
ROD Case No: 11-0027 – March 17, 2014

Trustees: Michael H. Holland, Marty D. Hudson, Daniel R. Jack, and
Michael McKown

The Trustees have reviewed the facts and circumstances of this dispute concerning the provision of benefits under the terms of the Employer Benefit Plan.

Background Facts

By memo to all plan participants dated April 29, 2004, Respondent's plan (the "Plan") adopted a rule requiring health claims to be submitted within two years of the date of service. Complainant received a summary plan document ("SPD") during his new employee orientation in 2006, which stated that "[c]harges incurred more than two years before a claim for the expenses are submitted to the plan" are not covered by the Plan.

In October 2009, Complainant's spouse informed Respondent that a collection agency had contacted her regarding an unpaid medical bill for Complainant's daughter. Shortly thereafter, Respondent's third-party administrator ("TPA") processed and paid the only outstanding claim for services provided to Complainant's daughter.

In July 2012, Complainant's spouse informed Respondent that she had received a court summons due to an unpaid medical bill related to the birth of Complainant's daughter in 2008. Respondent alleges that Complainant's spouse admitted at the time that the couple had received and ignored mail about the unpaid bill. Respondent's former and current TPAs reported that they had never received a claim for the bill. Respondent denied payment for the bill because Complainant allegedly violated the Plan's two-year filing requirement by failing to file a claim within two years after the date of service.

Dispute

Is Respondent required to provide benefits for the unpaid medical bill related to the birth of Complainant's daughter in 2008?

Positions of the Parties

Position of the Complainant: Complainant's daughter was eligible for coverage from the Plan at the time the charges were incurred, and, therefore, Respondent should pay the bill.

Position of the Respondent: Respondent is not responsible for the bill because Complainant did not submit a claim for the bill within two years after the date of service.

Pertinent Provisions

Article III.A(10)(b) of the Employer Benefit Plan states in pertinent part:

(b) Administration

The Plan Administrator is authorized to promulgate rules and regulations to implement and administer the Plan, and such rules and regulations shall be binding upon all persons dealing with the Beneficiaries claiming benefits under this Plan.

Discussion

Article III.A(10)(b) of the Employer Benefit Plan authorizes Respondent to promulgate rules and regulations to implement and administer the Plan. In ROD 88-645, the Trustees held that an Employer may impose a two-year time limitation on claim submission, provided that the rule is adequately communicated to the Employees, which can be accomplished through the use of an SPD or a memo to all covered Employees.

Respondent sent a memo to all covered Employees on April 29, 2004, informing them that health claims must be submitted for payment within two years of the date of service to be considered eligible expenses. During his new employee orientation in 2006, Complainant received a copy of the Plan's SPD, which stated that the Plan does not cover charges incurred more than two years before a claim for the charges is submitted to the Plan. Inasmuch as Respondent communicated its rule through a memo to all covered Employees and through its SPD, Respondent properly adopted a two-year time limitation on claim submission pursuant to its authority under Article III.A(10)(b) of the Employer Benefit Plan.

The unpaid medical bill is for services provided in 2008, but Complainant did not bring the bill to Respondent's attention until July 2012. Given that Complainant failed to submit a claim for the bill to Respondent within two years after the date of service, Complainant violated Respondent's two-year time limitation on claim submission.

Finally, because the bill does not involve excessive charges or charges for services that were not medically necessary, the hold harmless protections contained in Article III.A(10)(h) of the Employer Benefit Plan do not apply.

Opinion of the Trustees

Respondent is not required to provide benefits for the unpaid medical bill related to the birth of Complainant's daughter's in 2008 because Complainant failed to submit a claim for the bill to Respondent within two years after the date of service.