

OPINION OF TRUSTEES

In Re

Complainant: Employee
Respondent: Employer (Insurance Company)
ROD Case No. 29, October 17, 1979

Board of Trustees: Harrison Combs, Chairman; John J. O'Connell, Trustee; Paul R. Dean, Trustee.

Pursuant to Article IX of the United Nine Workers of America 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 level of health benefits for obstetrical care and hereby render their opinion.

Background Facts

Complainant is an active employee eligible for health benefits under the Employer's Plan. This Plan provides reimbursement for Reasonable and Customary charge for total obstetrical care. Employee's dependent spouse incurred charges of \$577.50 for services related to obstetrical care rendered from July 20, 1979 through March 13, 1979. Employee filed a claim for total coverage of such charges. The Insurance Company has denied payment of charges for \$67.50 because this amount is in excess of the Reasonable and Customary charge for total obstetrical care. As \$405.00 was considered the Reasonable and Customary charge for this service (less \$105.00 placed towards the 1978 deductible), benefits were reduced.

Question or Dispute

The Employee has requested that the Insurance Company pays the entire claim for total obstetrical care. The Insurance Company states that they will only provide reimbursement for the Reasonable and Customary charges for these services. The Employer concurs with the Insurance Company's position.

Position of Parties

Claimant's Position: The Employer (Insurance Company) is responsible for payment of the entire claim. The provider has informed the Employee that it is the practice of other insurance carriers in the area to cover the full expense.

Employer's (Insurance Company) Position: The Employee and his dependent are covered under the Employer's health plan which provides reimbursement for Reasonable and Customary charge for total obstetrical care. The Reasonable and Customary determination of such fees is based

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upon the area and the prevailing fee charged by the physician for this type of service. Charges exceeding the determined Reasonable and Customary are excluded from coverage according to Article III, Section A(10)(a)12 of the Employer's Benefit Plan.

Applicable Regulations

Article III, Section A(10)(a)12 of the Employer's Plan provides as follows:

In addition to the specific exclusions otherwise contained in the Plan, Benefits are also not provided for the following: excessive charges as determined solely by the Plan Administrator.

1978 Contract Q&A #62, approved by the Trustees provides that

"Excessive charges are to be determined solely by the Trustees, and the provisions of the company plans places that responsibility with the Plan Administrators as designated by those plans."

Discussion

By virtue of Q&A #62, the Plan Administrator for the Employee's Benefit Plan may solely determine that a provider's charges are excessive and in accordance with Article III, Section A(10)(a)12, may therefore deny payment for the amount determined to be excessive.

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The Trustees are of the opinion that the Employer (Insurance company) is not required to cover those charges which it deems to be excessive.