
OPINION OF TRUSTEES

In Re

Complainant: Employee
Respondent: Employer
ROD Case No: 81-710 – September 30, 1987

Board of Trustees: Joseph P. Connors, Sr., Chairman; Paul R. Dean, Trustee; William B. Jordan, Trustee; William Miller, Trustee; Donald R. Pierce, Jr., 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 payment of benefits for medical services under the terms of the Employer Benefit Plan when a claim for payment was resubmitted to the Employer more than 33 months after being denied initially.

Background Facts

The Employee was employed by J. Manning & Associates, Inc. (Manning) from May 1982 through September 1984. The Employee received various physician services for a variety of conditions from a hospital outpatient department between July 10, 1982 and July 7, 1983. The Employee submitted the claims to Manning's insurance carrier and was denied coverage for the claims on July 21, 1983. The reason for the denial is not known and the Employee did not immediately appeal the decision.

In May 1986, the hospital brought a lawsuit against the Employee for the amounts denied in July 1983. The Employee then sought to have the claims paid by his current Employer, A&C Transport (A&C), which refused to do so.

In its response to the Employee's ROD request, A&C did not contend that it is not obligated to provide coverage for expenses incurred while the Employee was employed by J. Manning & Associates but has stated that coverage of these claims was denied because of the length of elapsed time between the original denial of the claims (July 1983) and the resubmission of the claims to the Employer after the Employee was sued by the provider (May 1986).

Dispute

Is the Employer responsible for payment of benefits for services when the claim was originally denied by the insurance carrier and was not resubmitted for nearly three years?

Positions of the Parties

Position of the Employee: The Employer is responsible for payment of benefits for covered medical services.

Position of the Employer: The Employer is not responsible for payment of benefits because the employee did not resubmit the claim for nearly three years after original denial.

Pertinent Provisions

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

The specific dispute in this case is whether the Employer may deny payment of benefits for services covered under the Employer Benefit Plan when the insurance carrier's denial of such services was not appealed to the Employer until thirty-three (33) months after that denial.

The Trustees ruled in ROD 81-697 (copy enclosed) that under Article III. A. (10)(b), the Plan Administrator is authorized to promulgate rules for administration of the Plan, as long as there is adequate advance communication of such rules through written notice such as publication in the sum description. In this case, the Employer's Summary Plan Description Summary Plan (SPD) contains a section on claims submission procedures (a copy of which is enclosed) which stipulates that "proof of loss must be furnished to the Insurance Company within ninety (90) days following the date of loss." However, the SPD mentions nothing about a time limit for appeal of denied claims. The Employer has stated that Employees were orally instructed that any claims denied by the carrier should be forwarded to the Employer for payment. Because no time limit for appeal of denied claims was promulgated in accordance with Article III. A. (10)(b), none is therefore binding in this instance.

Opinion of the Trustees

The Employer is responsible for paying benefits for covered services provided to the Employee from June 10, 1982 through June 7, 1983.