
OPINION OF TRUSTEES

In Re

Complainant: Employee
Respondent: Employer
ROD Case No: 88-463 - March 25, 1992

Board of Trustees: Joseph P. Connors, Sr., Chairman; Paul R. Dean, Trustee; William Miller, Trustee; Donald E. Pierce, Jr., Trustee; Thomas H. Saggau, 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 health benefits for hospitalization for mental illness under the terms of the Employer Benefit Plan.

Background Facts

The Employee was hospitalized from June 7 through June 22, 1990 in the psychiatric unit of a general hospital for depression, with associated diagnoses of sleep apnea (cessation of breathing during sleep), obesity and compulsive overeating. He was treated with an anti-depressant, therapies to control sleep apnea, a liquid diet to begin a weight-loss program, and he participated in individual, group and family counseling. Upon discharge, he was referred to a psychologist in his home town for follow-up care and was to participate in a weekly aftercare program at the hospital.

The Employer has denied benefits for the hospitalization, stating that the Employee failed to follow required procedures for pre-admission authorization and did not request prior approval from the Plan Administrator for treatment of obesity. The Employer has submitted excerpts from its Summary Plan Description and a copy of the health card issued to Employees showing that it has implemented a hospital preadmission authorization program which may include penalties, in the form of reduced benefit payments, if Employees do not have their hospital admissions pre-certified.

Dispute

Is the Employer required to provide benefits for the Employee's hospitalization from June 7, 1990 and June 22, 1990.

Positions of the Parties

Position of the Employee: The Employer is required to provide benefits for the Employee's hospitalization because the primary reason for the hospitalization was depression, and hospital staff had called the number provided on the Employee's insurance card at the time of admission and verified coverage for psychiatric hospitalization for up to 30 days.

Position of the Employer: The Employer is not required to provide benefits for the Employee's hospitalization because the Employee failed to obtain pre-admission authorization as required. In addition, the Employee's diagnoses were obesity and depression; benefits for treatment of obesity are not provided because the Employee did not obtain prior approval of the Plan Administrator and benefits for treatment of depression are not provided because the Employee did not follow the proper pre-certification procedures. The Employer maintains that verification of coverage by a claim representative does not constitute pre-admission authorization or prior approval of the Plan Administrator.

Pertinent Provisions

The Introduction to Article III of the Employer Benefit Plan provides in pertinent part:

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 or that it is covered under this Plan.

Article III. A. (1)(e) of the Employer Benefit Plan states in pertinent part:

(e) Mental Illness

Benefits are provided for up to a maximum of 30 days for a Beneficiary who is confined for mental illness in a hospital by a licensed psychiatrist.

Article III. A. (10) (b) and (g) of the Employer Benefit Plan state 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.

(g) Explanation of Benefits (EOB), Cost Containment and Hold Harmless

2. (i) Regarding health care cost containment, designed to control health care costs and to improve the quality of care without any reduction of plan coverage or benefits, the Trustees of the UMWA Health and Retirement Funds are authorized to establish programs of optional in-patient hospital pre-admission and length of stay review, optional second surgical opinions, and case management and quality care

programs, and are to establish industry-wide reasonable and customary schedules for reimbursement of medical services at the 85th percentile (except when actual charges are less), and other cost containment programs that result in no loss or reduction of benefits to participants...

...

(iii) Disputes shall continue to be resolved in accordance with Article XX (e)(6) of the Wage Agreement.

(iv) It is expressly understood that nothing contained in this Section shall diminish or alter any rights currently held by the Employer in the Administration of this Plan.

(v) Consistent with Article XX (12) of the 1984 and 1988 Wage Agreements, this Section in no way authorizes or implies a reduction of benefits or additional costs for covered services provided or relieves the Employer of any obligation set forth in Article XX of the Wage Agreement.

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 or 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, judgments 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) 25. of the Employer Benefit Plan states:

(11) General Exclusions

(a) In addition to the specific exclusions otherwise contained in the Plan benefits are also not provided for the following:

25. Charges for treatment of obesity, except for pathological, morbid forms of severe obesity (200% or more of desirable weight) when prior approval is obtained from the Plan Administrator.

Discussion

Under Article III. A. (1)(e) of the Employer Benefit Plan, benefits are provided for inpatient hospital admissions for treatment of mental illness. Those admissions must be medically necessary, reasonable and appropriate, as stated in the Introduction to Article III of the Plan. Pursuant to Article III. A. (10) (b) and the cost containment provisions of the Plan, Employer are authorized to implement procedures to insure that the hospital admissions for which they pay benefits are medically necessary, and it is reasonable for such procedures to include hospital admission pre-authorization programs. Article III. A. (10)(g) 2. (v) provides, however, that the Plan "in no way authorizes or implies a reduction of benefits or additional costs for covered services or relieves the Employer of any obligation set forth in Article XX of the Wage Agreement". In Article III. A. (1)(g) 3. of the Plan, the Employers further agree to establish Hold Harmless programs to insure that the burden of cost containment efforts is not shifted to beneficiaries.

The Employee in this case was admitted by a psychiatrist to a psychiatric unit of a general hospital for a period of 15 days. The Employer has denied benefits on the basis that the hospitalization was not preauthorized as required by the Employer. While the Plan provides for the establishment of cost containment programs such as the hospital admission pre-authorization program implemented by the Employer, there is no provision which authorizes the imposition of penalties on beneficiaries for failure to comply with such programs. Therefore, the Employer cannot deny benefits to the Employee for failing to obtain pre-authorization for his medically necessary hospital admission on June 7, 1990.

The Employer also has denied benefits on the grounds that the Employee's treatment included treatment of obesity and prior approval was not requested from the Plan Administrator as required under Article III. A. (11) 25. Hospital records submitted in this case show that the Employee was admitted to a psychiatric unit for treatment of depression and the course of treatment ordered by the admitting psychiatrist was consistent with the diagnosis. While the records show that the Employee weighed 565 pounds at the time of his admission, there is no indication that the primary purpose of the admission was for weight loss. Moreover, the Employee has stated that he has paid the charges for the liquid diet plan that he was placed on during the hospitalization. Because the Employee was not hospitalized specifically for the treatment of obesity, but rather for the treatment of his depression, the prior approval requirement of Article III. A. (11) (a) 25. is not applicable to the hospitalization in this case.

Opinion of the Trustees

The Employer is required to provide benefits for the Employee's psychiatric hospitalization consistent with the terms of Article III. A. (1)(e) of the Employer Benefit Plan. If any of the charges in question are determined to be either excessive or for services which were not

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medically necessary, the "hold harmless" provision of Article III. A. (10)(g) of the Plan must be followed by the Employer.