

OPINION OF TRUSTEES

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In Re

Complainant: Employee  
Respondent: Employer  
ROD Case No: 88-666 - July 8, 1993

Board of Trustees: Michael H. Holland, Chairman; Thomas F. Connors, Trustee; Marty D. Hudson, Trustee; Robert T. Wallace, Trustee.

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

Background Facts

The Employee was hospitalized July 29, 1985 through August 3, 1985 at an area hospital: the total bill was \$3,538.55. The Employee states that at the time of the hospitalization he furnished the hospital with his insurance card, signed the assignment of benefits form, and paid the hospital any applicable co-payment. The Employee further states that in July, 1992 he attempted to sell some property and learned that a Certificate of Judgement had been placed against the property by the hospital for the entire 1985 hospital bill, as well as for legal fees and other costs incurred by the hospital in its attempt to collect the debt. The Employee did not provide documentation of the amount of these charges.

The Employee stated that he then contacted his Employer regarding the outstanding bill. The Employer responded that it had never received the hospital bill. The hospital maintained that the Employer had been billed for the charges. The Employee requested that he be held harmless by the Employer since the Employee should not be responsible for the error(s) of others.

On October 20, 1992, the Employer notified the Employee that the hospital bill was paid in full, but denied the legal fees and other charges, citing Article III.A.(11)(a) 18. that excludes from coverage "finance charges in connection with a medical bill."

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Dispute

Is the Employer required to provide benefits for the legal fees and other charges in connection with the Employee's hospitalization on July 29, 1985 through August 2, 1985?

Positions of the Parties

Position of the Employee: The Employer is required to provide benefits for the legal fees in connection with the hospitalization of July 29, 1985 through August 3, 1985 because the Employee should not be responsible for charges imposed due to the error(s) of others. If the Employer does not provide benefits for the legal fees and other charges, then the Employee should be held harmless against any attempt to collect these fees.

Position of the Employer: The Employer is not required to provide benefits for the legal fees and other charges assessed on the Employee's hospitalization on July 29, 1985 through August 3, 1985 because those fees are specifically excluded under Article III.A.(11)(a) 18.

### Pertinent Provisions

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

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

3. The Employer and the UMWA agree that the 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, judgements or other expenses in connection with the case, but may be liable for any services of the provider which are not provided for 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) 18. states:

(11) General Exclusions

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

18. Finance charges in connection with a medical bill.

### Discussion

Article III.A.(1)(a) of the Employer Benefit Plan provides benefits for inpatient hospital charges when a beneficiary is admitted by a licensed physician for treatment in an accredited hospital. Article III.A.(11)(a) 18. excludes finance charges in connection with a medical bill. In previous RODs the Trustees have found that finance charges, as excluded under Article III.A.(11)(a) 18., can include late charges, legal fees and court costs.

In this case, the Employee was hospitalized in 1985, and maintains he filled out the usual forms and provided the necessary health coverage information to the hospital at the time. The Employee further states that he was unaware of the outstanding hospital bill until he attempted to sell some property in 1992 and found that a lien for the hospital bill, plus legal fees and other charges, had been placed on the property. The Employee then notified the Employer who stated that it had never received the bill. Upon receipt of that bill, almost seven years after the date incurred, the Employer paid the \$3,538.55 for the hospitalization, but denied benefits for the other charges.

In previous ROD opinions, the Trustees have held that the Employee is required to keep the Employer informed concerning health claims matters in a timely manner. Research by Funds' staff reveals that District Court records show that the Employee was personally served on January 22, 1986 by a deputy sheriff, with a court notice of a proceeding relating to a Certificate of Judgment or the placement of a lien against property as required by state law. Therefore, the Employee had notice of the outstanding bill through the collections actions of the hospital, and failed to notify the Employer in timely fashion. When the Employer was in fact notified and billed, it paid the hospital charges promptly, even though nearly seven years had elapsed.

Article III.A.(10)(g), the "hold harmless" provision of the Plan, provides that an Employer shall, with written consent of the Beneficiary, negotiate a settlement, or to defend the Beneficiary in any court proceedings in connection with a claim for charges that are excessive or medically unnecessary. The finance charges and other costs in this instance were due to non-payment of a bill, not excessive charges or medically unnecessary services. Because the Employee did not notify the Employer of the outstanding bill in timely fashion, the Trustees find that the Employer is not required to provide benefits for the finance charges, consistent with Article III.A.(11)(a) 18. of the Plan. Additionally, the Trustees find that the Employer is not required to hold the Employee harmless for the legal fees and associated costs in the matter since these did not involve excessive charges or charges for services not medically necessary.

#### Opinion of the Trustees

The Employer is not required to provide benefits for, or hold the Employee harmless for, the legal fees and other charges incurred in connection with the hospital's attempts at collection of charges for the Employee's hospital- ization of July 29, 1985 through August 3, 1985.