DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

INSURANCE BUREAU

# PROCEDURES FOR INFORMAL MANAGERIAL-LEVEL CONFERENCES AND REVIEW BY COMMISSIONER OF INSURANCE

(By authority conferred on the commissioner of insurance by section 33 of Act No. 306 of the Public Acts of 1969, as amended, and section 404 of Act No. 350 of the Public Acts of 1980, as amended, being SS24.233 and 550.1404 of the Michigan Compiled Laws)

## R 550.101 Definitions.

Rule 101. As used in these rules:

(a) "Claim" means a request for payment by a provider under his or her agreement with a health care corporation or a request for benefits or payment by a subscriber or the subscriber's agent or representative under the subscriber's contract, certificate, or rider. A claim does not include applicable copayments or deductibles.

(b) "Commissioner" means the Michigan insurance commissioner or the designees of the insurance commissioner.

(c) "Complaint" means a written statement to a health care corporation requesting further explanation or information regarding a certificate or a denial of a claim or disputing a denial of a claim.

(d) "Days" means, unless otherwise stated, calendar days.

(e) "Grievance" means a written statement by a person to a health care corporation or to the commissioner or his or her designees that a health care corporation has wrongfully refused a claim in violation of section 402 or section 403 of Act No. 350 of the Public Acts of 1980, as amended, being S550.1402 or S550.1403 of the Michigan Compiled Laws, or has otherwise violated section 402 or section 403 of Act No. 350 of the Public Acts of 1980, as amended, if such refusal or violation is with respect to an action or inaction of the corporation with respect to that person.

(f) "Grievant" means a person who makes a grievance.

(g) "Meeting" means a meeting of the commissioner and either or both of the following to resolve a grievance:

(i) A person who has made a grievance or the person's agent or representative.

(ii) The health care corporation about which the grievance was made.

(h) "Private informal managerial-level conference" means a personal meeting between a grievant and the grievant's agent or representative and a representative of the health care corporation.

(i) "Refusal to pay a claim" means to fail to pay all or any part of a health care benefit claim.

(j) "Working days" means all calendar days, except Saturdays, Sundays, and state of Michigan holidays.

History: 1986 AACS.

## R 550.102 Right to conference; explanation upon refusal to pay claim and notice of right to appeal.

Rule 102. (1) A person who believes that a health care corporation has wrongfully refused his or her claim in violation of section 402 or section 403 of Act No. 350 of the Public Acts of 1980, as amended, being S550.1402 or S550.1403 of the Michigan Compiled Laws, or has otherwise violated section 402 or section 403 of Act No. 350 of the Public Acts of 1980, as amended, shall be entitled to a private informal managerial-level conference with the health care corporation.

(2) The private informal managerial-level conference shall be held within a reasonably accessible distance from the Michigan residence of the grievant and shall be at a time reasonably convenient to the grievant or the grievant's agent or representative. At the request of the grievant, the conference may be held by telephone.

(3) A person may make a request to a health care corporation for a private informal managerial-level conference only after the person has submitted a complaint to the health care corporation and either the person has received a response from the health care corporation or the health care corporation has failed to respond to the complaint within 30 days.

(4) At the time of a refusal to pay a claim, the health care corporation shall provide in writing to the member and, if the claim was made by a provider, to the provider, a clear, concise, and specific explanation of all the reasons for the refusal. This notice shall notify the member or provider of the member's or provider's right to request a private informal managerial-level conference if the member or provider believes the refusal to be in violation of section 402 or section 403 of Act No. 350 of the Public Acts of 1980, as amended, being S550.1402 or S550.1403 of the Michigan Compiled Laws.

(5) The notice of a person's right to a private informal managerial-level conference shall be subject to the prior approval of the commissioner. The notice shall reasonably inform members and providers of their rights under the law and these rules and shall contain language that is understandable to a person of ordinary intelligence. The notice shall contain, at a minimum, an explanation of all of the following:

(a) The person's right to contact the health care corporation by telephone if the person has a question concerning the health care corporation's refusal to pay a claim.

(b) The person's right to submit a written complaint to the health care corporation. The person shall not be required to contact the health care corporation by telephone before submitting a complaint.

(c) The health care corporation's obligation to respond in writing to the complaint within 30 days after it is received by the health care corporation.

(d) The person's right to request, in writing, a private informal managerial-level conference either in person or by telephone with the health care corporation if the person disagrees with the response to the complaint or if the health care corporation fails to respond to a complaint within 30 days.

(e) The health care corporation's obligation to provide a person a private informal managerial-level conference and a proposed resolution within 30 days of the health care corporation's receipt of the written request for the conference.

(f) The person's right to request and receive, subject to a reasonable copying charge, copies of information relating to the person's grievance.A reasonable copying charge shall not exceed the rate charged for copying by the Michigan insurance bureau in accordance with Act No. 442 of Public Acts of 1976, as amended, being S15.231 et seq. of the Michigan Compiled Laws.

(g) The person's right to receive, upon request, a copy of a subscriber handbook which contains the language of section 402 and section 403 of Act No. 350 of the Public Acts of 1980, as amended, being SS550.1402 and 550.1403 of the Michigan Compiled Laws.

(h) The person's right to appeal to the commissioner if the person disagrees with the resolution proposed by the health care corporation or if the health care corporation fails to provide a private informal managerial-level conference and proposed resolution within 30 days of receipt of the request.

(i) The person's right to appoint another person to act as his or her agent or representative in the complaint process, the private informal managerial-level conference, and the appeal to the commissioner.

(6) A health care corporation shall review and respond in writing to a complaint within 30 days. The complaint shall be reviewed by a person of greater authority than those persons who respond to telephone inquiries to the health care corporation. The response of the health care corporation shall again notify the person who made the complaint of his or her right to a private managerial-level conference if the person believes that a health care corporation has violated section 402 or section 403 of Act No.350 of the Public Acts of 1980, as amended, being S550.1402 or S550.1403 of the Michigan Compiled Laws. The notice shall use language similar to the language approved pursuant to subrule (4) of this rule.

(7) A health care corporation shall provide a subscriber handbook to every subscriber as soon as possible after these rules take effect. The handbook shall contain, at a minimum, a copy of the language of section 402 and section 403 of Act No. 350 of the Public Acts of 1980, as amended, being SS550.1402 and 550.1403 of the Michigan Compiled Laws.

History: 1986 AACS.

R 550.103 Provision of information upon conclusion of conference.

Rule 103. (1) Within 10 days of the conclusion of the private informal managerial-level conference, the health care corporation shall provide all of the following information to the grievant:

(a) The proposed resolution of the health care corporation.

(b) The facts, with supporting documentation, upon which the proposed resolution is based.

(c) The specific section or sections of the law, certificate, contract, or other written policy or document upon which the proposed resolution is based.

(d) A statement explaining the person's right to appeal the matter to the commissioner within 120 days after receipt of the health care corporation's written statement provided in subrule (2) of this rule.

(e) A statement describing the status of the claim involved.

(2) The information provided pursuant to subrule (1) of this rule shall be in writing. Such a written statement shall be phrased in terms which are understandable to a person of ordinary intelligence.

History: 1986 AACS.

R 550.104 Grievance; appeal to the commissioner.

Rule 104. (1) A person who is entitled to a private informal managerial-level conference shall be entitled to a review and determination of his or her grievance by the commissioner in either of the following situations:

(a) The person disagrees with the resolution proposed by the health care corporation after the private informal managerial-level conference.

(b) The health care corporation fails to provide the person with a private informal managerial-level conference and proposed resolution within 30 days of a grievance by that person.

(2) The grievant may appeal to the commissioner within 120 days of the date the person received the health care corporation's proposed resolution or, if no resolution is provided, within 120 days after the end of the 30-day period in which the health care corporation is to provide a proposed resolution. This 120-day time limit may be extended by the commissioner if he or she believes that there is just cause to do so.

(3) The grievant is entitled to a review of the matter by the commissioner either by a review of written materials or, upon a request by either the grievant or the health care corporation, through a meeting with the parties involved in the dispute.

History: 1986 AACS.

R 550.105 Review of disputes; commissioner's duties.

Rule 105. (1) When conducting a review of the dispute through written materials, the commissioner shall, by first-class mail, notify the health care corporation of the matter under consideration and inform the health care corporation of the time period within which any reply shall be made.Such notification shall be given within 10 working days after the commissioner receives the grievance.

(2) When conducting a review of a dispute through a meeting with the parties involved, the commissioner shall do all of the following within 10 working days after he or she receives the grievance:

(a) Set a time for the meeting and notify the grievant, by first-class mail, of the time and place of the meeting; however, the meeting shall not be scheduled within 20 days of the date that the commissioner notifies the grievant and health care corporation of the scheduled date.

(b) Send, by first-class mail, at the same time the grievant is notified, a copy of the notice of the scheduled meeting to the health care corporation.

(c) Inform the health care corporation of the time period within which any answer shall be made.

(3) The commissioner or commissioner's designee shall conduct meetings in a manner which allows the disputing parties to present relevant information to substantiate their positions.

History: 1986 AACS.

R 550.106 Basis for commissioner's decision.

Rule 106. The commissioner or commissioner's designee shall base his or her decision upon written materials submitted by the parties and the statements of the parties at the meeting, if any. Failure of either party to supply any information in a timely manner shall result in a decision based on information available to the commissioner or the commissioner's designee at the time of the decision.

History: 1986 AACS.

R 550.107 Time for decision; right to hearing.

Rule 107. (1) If a meeting pursuant to R 550.105 is not held, the commissioner or the commissioner's designee shall prepare a written decision within 10 working days after the health care corporation submits an answer to a grievance or, if an answer is not submitted, within 10 working days after the time for submitting an answer has expired.

(2) If a meeting is held, the commissioner or the commissioner's designee shall prepare a written decision within 10 working days after the meeting is concluded.

(3) The commissioner or the commissioner's designee shall notify the health care corporation and the grievant of the right to request a contested case hearing if a party disagrees with the written decision. A request for a contested case hearing shall be made within 60 days after the written decision has been mailed. If so requested, the commissioner shall proceed to schedule the matter as a contested case hearing under Act No. 306 of the Public Acts of 1969, as amended, being S24.201 et seq. of the Michigan Compiled Laws.

History: 1986 AACS.

R 550.108 Payment of improperly refused claim.

Rule 108. (1) If the decision by the commissioner or the commissioner's designee indicates that the grievant's claim was wrongfully refused in violation of section 402 or section 403 of Act No. 350 of the Public Acts of 1980, as amended, being S550.1402 or S550.1403 of the Michigan Compiled Laws, the wrongfully refused claim shall be paid within 30 days of the date the decision is mailed to the health care corporation.

(2) A claim which is payable to a member shall bear simple interest from a date of 60 days after a satisfactory claim form was received by the health care corporation, at a rate of 12% interest per annum. The interest shall be paid in addition to, and at the time of payment of, the claim.

History: 1986 AACS.