

# **City of Seattle**

## **Policy on Benefit Exceptions for Participants of Self-Insured Plans (Plans Administered by Aetna and HMA<sup>1</sup>)**

### **Adopted by the Health Care Committee, 10/17/2007**

This policy is adopted by the City of Seattle in accordance with WAC 82-60-034. It explains a new "procedure for requesting an adjudication of disputes or appeals . . . regarding the payment or denial of any claim for benefits" under our self-insured medical plans.

### ***Explanation***

Aetna and HMA administers the City's self-insured medical plans in accordance with our contracts with them, abiding by our eligibility rules and plan of benefits. However, the City retains the ability to conduct a final review of any claim denial under our self-insured plans.<sup>2</sup> Accordingly, if a claim decision has gone through a plan administrator's appeal process and is not resolved to the satisfaction of the plan member, the City is implementing an internal process to review the dispute or appeal.

This policy is not intended to address situations in which a plan participant is unhappy with the payment (or lack thereof) for a claim that has been processed in accordance with plan provisions, or is seeking a change in plan benefits, eligibility, enrollment, processing or payment rules.

### ***Process***

The review of contested claims that have been denied by Aetna or HMAS will be handled by the Benefits Unit of the Personnel Department. (Benefits phone: (206) 615-1340; Benefits email: [benefits.unit@seattle.gov](mailto:benefits.unit@seattle.gov) ; Benefits fax: (206) 615-0202)

The Benefits Unit is bound by confidentiality rules pertaining to personal health information (PHI) as defined by law. Staff members can address benefit questions and explain plan features, administrative processes used by the third party administrators, and the most straightforward ways to resolve issues. If necessary, they will assist in documenting the nature of an appeal and relevant evidence (e.g., about health conditions and their treatment(s), clinical and insurance industry practices), and will subsequently prepare a recommended decision. Final decision-making -- confirmation or overturning of the denial -- is the responsibility of the Personnel Director or his/her designee, in consultation with the Director of Employee Health Services.

### ***Review Criteria***

The City will review claim appeals, only after all plan administrator appeal processes have been fully exhausted. Criteria to be used may include, but not be limited to:

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<sup>1</sup> Effective January 1, 2009, HMA no longer administers a self-insured plan for the City of Seattle.

<sup>2</sup> At present, the dental, vision and Group Health Cooperative plans are fully insured, and their administration is the responsibility of the vendor, with oversight by the State Office of the Insurance Commissioner.

- The relative cost/benefit of paying the disputed health claim relative to other costs to the City relating to the employment situation of the affected individual (e.g., medical costs vs. long-term wage replacement costs).
- Recent changes in the status of a procedure or device (e.g., no longer considered experimental by the US Food & Drug Administration; the issuance of a position statement or consensus opinion by a relevant clinical specialty organization on its effectiveness and/or safety, etc.)
- The payer's practice of paying for the services or procedures in other circumstances.
- The adoption by other major payers and reinsurers of coverage for the procedures and services in question.

### ***Related Issues***

If a denial is overturned, some individualized payments for exceptions may result in the administrator issuing a special check, followed by a Form 1099 for Miscellaneous Income following the end of the calendar year. Beneficiaries are directed to seek advice from their attorneys, accountants and financial advisors about the handling of any such payment (for example, whether it would be considered reportable, taxable income) as neither the City of Seattle nor our plan administrators can provide tax guidance. Beneficiaries are solely responsible for the tax consequences of these payments, including, but not limited to, indemnifying the City of Seattle for any tax liabilities or penalties assessed or incurred.