
OPINION OF TRUSTEES

In Re

Complainant: Employee
Respondent: Employer
ROD Case No: 88-645 - 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 benefits under the terms of the Employer Benefit Plan for charges submitted more than two years after the date of service.

Background Facts

In September, 1992 the Employee submitted to the Employer's claims administrator medical claims for his spouse for charges incurred between February 26, 1988 and March 13, 1989. The Employer denied the claims, stating that they were submitted past the two year time limitation for claims submission.

Dispute

Is the Employer required to provide benefits for services when the claim for benefits was submitted more than two years after the services were provided?

Positions of the Parties

Position of the Employee: The Employer is required to provide benefits for covered services provided for under the Employer Benefit Plan.

Position of the Employer: The Employer is not required to provide benefits for the Employee's spouse's charges because the claim for benefits was submitted more than two years after the services were provided. The Employer has adopted the industry standard limitation of two years for claim submission in accordance with Article III.A.(10)(b) of the Employer Benefit Plan, and has clearly communicated the limitation to all eligible participants under the Plan. Therefore, the Employer is within its rights in denying the Employee's spouse's claim.

Pertinent Provisions

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

Discussion

The specific dispute in this case is similar to that of ROD No. 81-697 (copy enclosed herein); whether the Employer may deny payment of benefits for services covered under the Employer Benefit Plan when the claim for payment is not submitted until more than two years after the services were provided. The issues underlying the dispute are as follows:

(a) whether the Employer has the right under the Plan to establish time limits on the submission of claims;

(b) if so, how to proceed with the implementation of such time limits so that they are binding on Employees; and

(c) if so, whether the time limits are reasonable.

The Employer has the right, under Article III.A. (10)(b) of the Plan, to promulgate binding rules and regulations necessary to implement and administer the Plan. These could include a reasonable time limitation on claim submission. However, in previous RODs the Trustees have decided that the promulgation of rules requires adequate communication to the Employees in order to be binding under the Plan. Communication of rules and regulations could be accomplished through the use of a Summary Plan Description (SPD) or other types of written notices. In this case, on February 14, 1989 a memorandum was sent to all covered Employees notifying them of the two-year filing requirement that would begin on April 1, 1989. This notice was also posted in all mine bath houses. The Employer has submitted a copy of the memorandum. Therefore, the record establishes that the Employer's change in procedure was clearly communicated to the Employees.

The final issue underlying this dispute is whether the two-year time limitation is reasonable. In ROD No. 81-697 the Trustees concluded that while the health benefit payment industry has various time limits on claim submission, a two-year limitation would be considered reasonable throughout the health industry.

In summary, the Trustees conclude that (a) the Employer has the right to promulgate a binding time limitation on the submission of claims; (b) a two-year limitation is reasonable (absent extraordinary circumstances); and (c) the Employer adequately and effectively communicated the time limit to all Employees, thereby promulgating a binding rule or regulation under

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Article III.A.(10)(b) of the Employer Benefit Plan. The Trustees therefore conclude that the Employer is not required to provide benefits for the Employee's spouse's medical bills incurred between February 26, 1988 and March 13, 1989.

Opinion of the Trustees

The Employer is not required to provide benefits for the Employee's spouse's medical bills which were submitted after the expiration of the two year claims submission limitation.