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Blue Cross Michigan sued for \$40 million for alleged unpaid behavioral health claims

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- Blue Cross Michigan sued for \$40 million by four substance abuse centers, alleging low payments, wrongfully denied claims
- Four treatment centers allege daily inpatient rates were cut from \$900 per day to \$150 at the height of the opioid crisis
- Many patients treated at the centers also received "surprise bills" when coverage was denied, lawsuit alleges

Four substance-abuse treatment centers in Michigan owned by U.S. Addiction Services sued Blue Cross Blue Shield of Michigan on Wednesday for more than \$40 million in unpaid claims involving more than 4,000 patients, according to a lawsuit filed in U.S. District Court for the Western District of Michigan.

A spokesman for New York-based law firm Napoli Shkolnik PLLC, which is representing the plaintiff, said one of the providers was forced to close and the other three turned patients away because Blue Cross "refused to provide meaningful coverage for addiction treatment."

Blue Cross said in a written statement: "We are currently reviewing this lawsuit that was just filed today. It appears to be a complaint by four treatment facilities, three of which are not in our network, and are dissatisfied with their reimbursement. BCBSM is confident it followed all appropriate reimbursement methodologies. Blue Cross believes that the best interests of patients are served when insurers, employers and providers of care work together to keep access to quality care affordable.

The insurer added, "Blue Cross is working with community organizations and providers across the state to help address the opioid crisis, including expanding a successful pilot program to treat opioid addiction with two Michigan treatment facilities."

The lawsuit, which is also asking for punitive damages and injunctive relief, contends that the Michigan Blues have either underpaid or wrongfully denied claims related to substance abuse and other behavioral health disorders.

"In the face of the opioid epidemic, it is more important than ever that America's health insurers play their part in mitigating the havoc that they facilitated by paying for the prescription opioids that precipitated this public health crisis," Matt Lavin, a partner with Napoli Shkolnik, said in an email to Crain's.

The four centers are Serenity Point Recovery in Marne, which has closed; A Forever Recovery, Battle Creek; Behavioral Rehabilitation Services, Harrison; and Best Drug Rehabilitation, Manistee. U.S. Addiction Services also owns two other treatment centers in Ohio and Indiana.

Since June 2016, Blue Cross allegedly cut benefits and denied claims related to substance abuse and other behavioral health issues, the lawsuit said.

Lavin said Blue Cross paid the centers \$900 per day for inpatient residential treatment before June 2016, but while the opioid crisis was escalating dropped the per day payment to \$150.

"In most cases, the rates paid by (Blue Cross Michigan) for these services are below the actual cost to providers of offering services" and below Medicaid rates, the lawsuit said.

As a result, some of the patients treated at the centers and their families have been presented with surprise bills when they believed that treatment would be covered.

Serenity said in the lawsuit that it has tried to negotiate a settlement but Blue Cross executives rejected the proposal.

Inline Play

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