



Treatment centers allege Michigan's largest health insurer 'slashed' reimbursement rates; BCBS says its rates were appropriate

John Breslin | Federal Court | August 5, 2019

GRAND RAPIDS, Mich. (Legal Newslines) – Four substance abuse treatment centers in Michigan have filed a lawsuit against an insurance company over claims that it "slashed" reimbursement rates, or did not pay, for the treatment of patients at their facilities.

The plaintiffs are Serenity Point Recovery, A Forever Recovery, Behavioral Rehabilitation Services, and Best Drug Rehabilitation. The four centers filed suit July 31 in the U.S. District Court for the Western District of Michigan against Blue Cross Blue Shield of Michigan (BCBSM), over the culmination, according to the plaintiffs, of a long-running dispute that began with the cutting of reimbursement rates in 2016.

Central to the dispute is the fact that the four centers are all out of network - one subsequently applied to join - but the suit claims the more than 4,000 patients affected all had coverage under a program that allowed for them to be covered.

Blue Cross Blue Shield Michigan, which is the state's largest insurer, said in a statement that it is reviewing the lawsuit.

"It appears to be a complaint by four treatment facilities, three of which are not in our network, and are dissatisfied with their reimbursement," Helen Stojic, the insurance company's spokeswoman, said.

"BCBSM is confident it followed all appropriate reimbursement methodologies," Stojic said. "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 plaintiffs frame their issues with the insurance company in the context of the opioid epidemic. Michigan reported more than 5,000 overdose deaths in 2016 and 2017, according to the lawsuit.

"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," Stojic said.

It is not known whether any other similar lawsuits are pending in other states. Blue Cross' federation headquarters, when asked if it knew of any, told *Legal Newsline*: "We have no comment to make at this time."

According to the suit, BCBSM wasted plaintiffs' resources, prevented payment for valid claims, and refused to pay appropriate rates. In total, the companies allege they are owed \$40 million, including \$10 million in entirely unpaid claims.

The complaint notes that BCBSM Chief Executive Daniel Loepp made \$19.2 million in 2018, while the company profits of \$580 million on more than \$29 billion of revenue.

The insurance company is alleged to have violated the Employee Retirement Income Security Act (ERISA) for allegedly failing to pay benefits, breach of contract, unjust enrichment and fraudulent misrepresentation, among other counts.

In a statement, New York law firm Napoli Shkolnik, which represents the plaintiffs, said it is looking for compensatory and punitive damages along with disgorgement of profits.

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