

COURT UPHOLDS VALIDITY OF HEALTH PLAN'S ANTI-ASSIGNMENT CLAUSE

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A Third Circuit district court recently held that a group health plan's anti-assignment provision was enforceable, despite the fact that the plan made direct payments to the provider and engaged the provider during the claims review process. In this case, a health care provider filed a claim alleging that it had been underpaid by a participant's group health plan. Under ERISA, a participant or beneficiary may bring a civil action to recover benefits under the terms of a benefit plan. Courts have found that a health care provider may bring a cause of action only by acquiring derivative standing through an assignment of rights from a plan participant or beneficiary. The health plan in this case contained an anti-assignment provision that would prohibit a third-party, such as a health care provider from acquiring derivative standing. The court rejected the health care provider's argument that the plan waived its anti-assignment provision by making direct payments to the provider and engaging the provider during the claims review process. This case is one of several recent cases that have recognized the validity (and value) of including an anti-assignment provision in a group health plan. Employers should review their group health plans to confirm they include this important clause. (*N.J. Spine & Orthopedics, LLC v. Schwan Cosmetics USA, Inc.* (D.N.J. 2018)).