

COURT UPHOLDS MEDICAL PLAN'S BENEFIT DENIAL

Hodgson Russ Newsletter
August 31, 2016

Even after applying a generally more plaintiff friendly “de novo” standard of review, a Massachusetts District Court denied a plaintiff’s summary judgement motion seeking benefit coverage for her son. In this case, the plaintiff’s son attended an institution that provided certain forms of social/behavioral therapy in an educational setting. However, the health plan covering the plaintiff and her son contained language specifically excluding services “performed in educational, vocational, or recreational settings even if they include therapeutic elements and/or clinical staff services as well as vocational, educational, problems solving, and/or recreational activities.”

Although the benefit claim was originally denied by the Plan, and that denial was upheld at the District court level, the First Circuit Court of Appeals remanded the case to the District Court for further review under the less deferential “de novo” standard. The Circuit Court noted that the Plan language was not sufficiently clear to grant discretionary authority to the claims administrator to determine eligibility for benefits. As a result, the District Court was required to review the benefit denial using the more stringent “de novo” standard, rather than the otherwise applicable and more deferential “arbitrary and capricious” standard of review. Nonetheless, on remand the District Court held that, even under a standard of review that was less deferential to the Plan’s original denial, the plaintiff did not meet her burden of demonstrating that her son’s treatment was covered under the Plan. Although the Plan’s benefit determination was ultimately upheld, this case serves as a reminder that plan sponsors should review their plan documents to confirm that they contain clear language delegating discretionary authority to their claims administrators.

Stephanie C. v. Blue Cross Blue Shield of Mass. HMO Blue, Inc. (D. Mass. 2016)

Attorneys

Peter Bradley
Michael Flanagan
Richard Kaiser
Ryan Murphy

Practices & Industries

Employee Benefits

